

## £ 1.3m British ODA grant for LAMB Hospital in Dinajpur

Britain's Overseas Development Administration (ODA) has approved a grant of 1.3 million pound sterling equivalent to over Taka eight crore for a project of LAMB Hospital based in Dinajpur district, reports UNB.

LAMB Hospital's Reproductive and Child Health Project (RCHP) aims to reduce maternal and child morbidity and mortality in North-West Bangladesh.

British High Commissioner Peter J Fowler signed the grant letter confirming approval at a simple ceremony at his office here yesterday, with Ms Diane Krueger, Acting Executive Director.

The new grant will bring ODA's total contribution to LAMB to just over 1.38 million pound sterling equivalent to over Taka nine crore since 1994.

LAMB is an NGO with the hospital registered with the department of social welfare.

## Kuwait donates Tk 97.80 lakh for mosque in Khulna

The government of Kuwait has donated over Taka 97.80 lakh for the construction of Baitun Noor Jame Mosque complex in Khulna, says UNB.

Charge d'Affaires of the State of Kuwait Majidi Abdulhaleem Barakat formally handed over the cheque of the amount to Khulna City Corporation Mayor Sheikh Tayebur Rahman at a simple ceremony here yesterday.

The donation was granted from the Ministry of Awqaf and Islamic Affairs of the State of Kuwait, said a press release.

While handing over the cheque, the Charge d'Affaires hoped that the bonds of relationship and fraternity between the two countries would be strengthened in the days ahead.

Mayor Tayebur Rahman expressed his gratitude to the people and the government of Kuwait for this donation and said this contribution reflects the warm brotherly ties between the two Islamic countries.

## Jakarta approves foreign investment projects worth \$ 20.9b in first half of '96

JAKARTA, July 2: The value of foreign investments approved in Indonesia in the first half of 1996 rose eight per cent from a year earlier to 20.9 billion dollars, a minister said today, reports AFP.

The government approved a total of 571 foreign-investment projects worth 20.9 billion dollars during the first six months of 1996. Investment Minister Sanyoto Sasrowardoyo said after meeting with President Suharto.

Sanyoto said that Jakarta had also approved 466 domestic investment projects worth 64.2 trillion rupiah (27.4 billion dollars) during the same period.

Japan remained the main source of foreign investment in Indonesia during the first half of 1996 with a total of 4.9 billion dollars pledged in investment, he said.

This is concrete evidence that concerns over Japan's potential reaction towards our national car policy are completely groundless," Sanyoto said.

Sanyoto was referring to the government policy of awarding one company, controlled by a son of President Suharto special facilities and tax privileges for the production of a national car.

Japan, along with the United States and the European Union have strongly criticised the policy, saying that it flouts international trade rules.

Sanyoto said he expected the actual realisation ratio of approved investment projects to stand at 55.2 per cent for foreign projects this year, while for domestic projects, the ratio would be 44.6 per cent.

Approved foreign investment in Indonesia soared 68.4 per cent from a year earlier to 39.9 billion dollars in 1995.

## China leads world in commercial use of plastic

HOHHOT, July 2: China leads the world in the commercial use of plastic in rural areas, reports Xinhua.

According to statistics, the country has covered 6.2 million hectares of farmland with plastic sheets to promote the growth of a maize cotton, vegetables, peanuts and other crops.

China now produces 600,000 tons of plastic sheets for agricultural purposes, and 80,000 tons of plastic products used for irrigation and as packing for fresh food.

## Lanka facing increasing competition by gem deposit in Tanzania

COLOMBO, Sri Lanka, July 2: Fabled since the time of Marco Polo, the gems of Sri Lanka are facing increasing competition that threatens one of this war-burdened country's biggest revenue sources, reports AP.

The biggest worry is the discovery of a large deposit of gemstones in Tanzania earlier this year, said Tom Ellawalla, chairman of the National Gem and Jewelry Authority.

The production of Sri Lankan-like gemstones can double during the mining season, and this sudden input of stones can destabilize the prices," said Ellawalla.

Other nations also mine gemstones, but the lode in Tanzania is the first big deposit to offer direct competition for Sri Lanka's rubies, sapphires and other gems.

This island nation previously has had an advantage be-

cause its gems are found in shallow pits and not deep mines as in other countries, but Sri Lankan mines are starting to go dry and there is debate on searching for new deposits.

Sri Lanka's gem business also is being hurt by a falloff in purchases caused by weak economies in many industrial nations. Gem exports brought in 37 million dollars in 1995, compared with 42 million dollars, the previous year.

Ellawalla led a delegation of Sri Lankan gem dealers to Tanzania in May to begin talks aimed at working out common policies for the distribution of gemstones to the international market.

A decade ago, the sale of gems and jewelry was the third largest foreign exchange earner for Sri Lanka, but last year it was reduced to sixth.

The decline comes at a

time when Sri Lanka needs all the revenue it can to finance its war against Tamil rebels fighting for independence in the northeastern provinces.

The drop in overall sales comes despite a marketing campaign that has boosted sales in Japan and the United States to 9.74 million dollars in 1995, compared with 1.2 million dollars in 1994, said officials at the Sri Lanka Gem and Jewelry Authority.

Japan headed the list of customers last year, accounting for 75 per cent of gemstones and 51 per cent of jewelry exported from Sri Lanka. Other buyers were Germany, Britain, Singapore, United Arab Emirates, Hong Kong, Thailand, Indonesia and Malaysia.

Marco Polo, the 13th-century Venetian traveller, wrote of seeing a flawless ruby as thick as a man's arm on his

travels to this Indian Ocean island.

The blue sapphire inappropriately called 'the Star of India', on display in New York's Museum of Natural History, was unearthed in Sri Lanka.

Also found here are cat's eyes, alexandrites, aquamarines, tourmalines, spinel, topaz, garnets, and amethysts.

Two years ago, the government liberalised the import of rough gems to compensate dealers and craftsmen for shortfall from Sri Lanka's own mines.

Miners complain they are not given the same tax incentives enjoyed by exporters. Gems have been channeled away from the official market and into a thriving black market.

There is a debate about whether new areas should be explored for new deposits.



EC Farm Commissioner Franz Fischler joins Agriculture Minister Douglas Hogg as he opens the Royal Show in Stoneleigh Monday. The EC Commissioner told British farmers at the Show that 'solidarity across the industry was the key to solving the beef crisis.' — AFP/UNB photo

## Economic Development: Corruption of a Dream

Dr. Shafi A Khaled

Does rampant bureaucratic crime help or hinder a market system? Does bad money drive out good money? Yes, according to Gresham's Law. In the past, when precious metals formed the basis of money, many unscrupulous leaders would remove their holdings of coins, melt them and mix them with more base metal before minting new coins. Their subjects, realizing that such a crime was being perpetrated, would refuse to trade with their own self-unbiased coins. Thus, good money was driven out of circulation. This brought about a shortage of money, preventing normal economic transactions. Consequently, there was a lot of hardship. About two decades ago, Professor Ann Krueger ("The Political Economy of Rent Seeking Society," American Economic Review, June 1974) pointed out the

nature of rent seeking societies where too much power is vested in the bureaucracy. She wrote that businessmen compete to get access to licenses and privileges by setting aside funds for doing so. It is treated like just another cost of production. She goes on to show how in spite of the competition there is an associated welfare loss when free trade is substituted by bureaucratically controlled trade.

I believe it is even worse than that. Not everybody participates. Some participate very nervously, tentatively and on an ad hoc basis. Others participate through using financial bribes, or offering jobs to a family member or friend of the bureaucrat or banker, but refusing to arrange for gambling, drinking and sexual trysts. These situations of partial or non-involvement is known as the missing market problem.

There are other situations where only those with special relationship with authority gain access to limited business opportunity. This type of monopolistic arrangement of dispensing favours is known as market failure. Thus, the implications go a lot further than that suggested by Krueger.

A series of financial wedges are built in-between the true cost of production and the price paid by the consumers. These wedges are not uniformly distributed among all products. Thus, the prices charged could be disproportionately marked up among various products. This would totally upset the price signalling role of the invisible hand or the free market. This produces a very unpredictable status for the economy. No longer is there a greater likelihood that the more bonafide and capable businessmen will

be rewarded. It is then possible that an efficient and honest businessman may fail because of a lack of connections or an unwillingness to pay for "wedges." Like good money, he may be driven out. It may prevent new, able and scrupulous businessmen from even trying.

We know all too well how corruption and consequent stymied economic growth is sending Bangladesh's brainpower abroad in massive surges. This bleeding is so acute and chronic that the intellectual soul of Bangladesh is on the verge of collapse. In every productive field, the enormous vacuum of youthful intellects suggests a stunningly hopeless future except to the most ardent romantic. Moral: All punditry about economic development is useless when corruption holds the rudder.

## Arab Banking Corp to open new branches in Arab world, Europe

ABU DHABI, July 2: The largest Arab banking group said yesterday it would open new branches in the Arab world and in Europe as part of an on-going expansion drive, reports AFP.

The Bahraini-based Arab Banking Corporation (ABC), owned by Libya and other Arab countries, said it had strengthened its presence in Asia and North Africa and would boost operations in the Arab world and Europe.

The expansion of ABC in the Arab world will continue through 1996 with the establishment of an Islamic banking unit in Bahrain and the opening of a representative office in Abu Dhabi, it said in its 1995 report, released Monday.

In the meantime, the companies affiliated to ABC are searching for more investment

opportunities outside the Arab markets.

The report said the ABC subsidiary Banques Atlantico would open a branch in Lisbon and a representative office in Warsaw this year within plans to expand its European network which accounts for nearly half ABC's operations.

In non-Arab Asia, the Hong Kong-based International Bank of Asia Ltd, another ABC subsidiary, set up a representative office in Vietnam this year after widening its activities in the southeastern part of the continent.

ABC will also continue to play a leading role as link between the Arab world and the international financial markets, the report said.

ABC's balance sheet showed its earnings had grown steadily over the past few years due to

the expansion and a diversification of operations.

Net profits increased to 116 million dollars in 1995 from 105 million dollars in 1994 and assets to 21.2 billion dollars from 19.5 billion dollars.

Around 50 per cent of the 1995 assets were based in western Europe and 18 per cent in non-Arab Asian states, the report showed.

North America accounted for 14 per cent, the Arab world for 10 per cent and Latin America for five per cent.

The report said ABC's board had decided not to make any cash dividend to shareholders in 1995 as a "conservative measure aimed at bolstering the bank's capital base and ensuring viable growth in operations and profits."

## Brittan disappointed at WTO maritime outcome

BRUSSELS, July 2: EU Trade Commissioner Sir Leon Brittan expressed disappointment yesterday at last week's failure to put together a deal to open up global trade in maritime services, reports Reuters.

"We would have liked something more comprehensive and fought hard to achieve it," Brittan said in a statement. "We were disappointed not to have achieved more, but even securing the outcome we adopted on Friday was not easy, we do have a commitment to return to negotiations no later than 2000 and not,

meanwhile, to take trade restrictive measures except in self-defence," Brittan said.

Envoys to the World Trade Organisation (WTO) agreed on Friday to postpone negotiations for a new treaty liberalising maritime transport until the year 2000.

The pact had faced a Friday deadline for completion but the United States said last month it was walking away from the negotiations because its trading partners' market-opening offers were not sufficient.

Japan had both tried to have the talks resume either in a few months or next year, but Washington insisted that no real progress could be made before 2000, diplomats said.

A WTO negotiating committee that met on Friday agreed that they should start alongside a wholesale review of market access agreements in the services sector due to start in 2000.

The envoys agreed that negotiations would be resumed on the basis of existing or improved market-opening offers. They invited states to put

those offers into practice now, before the resumption of negotiations.

## Philippine posts \$ 485m surplus budget in five months to May

MANILA, July 2: The Philippine government posted a 12.7 billion peso (485 million dollar) budget surplus in the five months to May, well above its two billion peso target despite lower-than-expected revenues, Finance Secretary Roberto De Ocampo said today, reports AFP.

Revenues totalled 177.4 billion pesos (6.77 billion dollars), 2.1 billion pesos short of the target, "due primarily to the delays in the some privatisation" of certain state assets, he said in a statement.

Manila made up for this with spending that was below target by 12.8 billion pesos. There was a "slowdown in the implementation of projects and lower equity support to government corporations," De Ocampo said.

The minister said he was confident that the government would achieve its targeted full year surplus of 17.5 billion pesos. Along with expected lower inflation, "this will help reduce the level of interest rates and lead to the continuing investment boom," he added.

## 'EU never tried to minimise threat of mad cow disease'

BRUSSELS, July 2: The European Commission on Monday dismissed suggestions that the EU executive tried to minimise the threat of "mad cow" disease as long as six years ago to avoid scaring consumers off eating beef, reports AFP.

Klaus Van Der Pas, spokesman for European Commission for agriculture Franz Fischler, said the commission never advocated any "disinfection" to "minimise" the problem of mad cow disease, which this year erupted into a full-fledged scandal that landed a crippling boycott on British beef.

The "commission has always insisted on the need for clarity, particularly in areas that involve consumer goods," he said.

The French paper Journal Du Dimanche on Sunday printed what it said was a photocopy of a note dated October 12, 1990 from the European Commission's consumer's policy service concerning bovine spongiform encephalopathy (BSE), or "mad cow" disease.

The photocopy quotes a commission representative to the EU veterinary committee as having told a meeting of this committee on October 9 and 10, 1990 that "they must remain cool so as not to cause unfavourable reactions on the market" and "no longer speak

about BSE."

The representative is also quoted as saying, "we are going to officially ask Britain not to publish any more result from their research."

He allegedly concluded that "we must minimise this issue of BSE by using disinfection. It is better to say that the press has a tendency to exaggerate."

Spokesman Van Der Pas did not deny the existence of the note but said it did not reflect the subsequent direction taken by EU agricultural officials. As evidence, he noted that the European Commission organised a seminar one month after the October 1990 meeting which gathered more than 200 international scientists to discuss the problem of BSE.

"The note must exist because the paper published a photocopy," Van De Pas said, but "whoever wrote it must have misunderstood."

Jacques Delors, who was European Commission President in 1990, told the Journal Du Dimanche he "never knew of this note" and that the commission always had "hundreds like it" to deal with.

The same note was the subject of an article in the French consumer rights magazine, Que Choisir, in February 1991 but never drew much notice.

## Israeli workers go on strike to protest economic austerity plan

JERUSALEM, July 2: Israel was paralysed for an hour on Monday when 400,000 public sector workers went on strike to protest economic austerity measures being drawn up by the new right wing government, reports AFP.

Air traffic at Ben Gurion airport near Tel Aviv came to a halt and ships were not allowed to enter ports during the one-hour stoppage, called by the powerful trade union confederation Histadrut.

Banks and post offices opened one hour late, while hospitals and emergency services operated a reduced service. The main television station and state radio went off the air and public offices were closed.

This warning strike is aimed at making the government understand that the workers will react if it takes measures against them, said Amir Peretz, Secretary General of Histadrut and an opposition Labour MP.

Histadrut is notably protesting privatisation plans for Israel's telecommunications company Bezek and its airline El Al.

It is also worried about austerity measures being drawn up by Finance Minister Dan Meridor that will likely mean large budget cuts for social services.



The Nepalese Ambassador in Bangladesh Lok Bahadur Sheresta (3rd from right) met the President of Dhaka Chambers of Commerce and Industry (DCCI), Ali Hossain, at chambers office on Saturday. During the meeting they discussed the expansion of bilateral trade in the light of SAPTA.

## Coordinated efforts must to end child labour

By Robert Reich

It seems sadly ironic, perhaps, that the exploitation of children is at the top of the International Labour Organization's (ILO's) agenda even in the late 20th century.

However, it is entirely appropriate that the ILO be the institution to keep this issue before the world, and to lead the way to practical solutions.

If nations are to be measured by how we treat our children, we still have much to answer for. Child poverty, child slavery, the commercial sexual exploitation of children, and the abuse of children in work are all problems to be solved — in some instances growing problems.

By the ILO's own estimate, there are at least 73 million children ages 10 to 14 who are employed full-time or nearly full-time worldwide. The total number of working children is probably in the hundreds of millions.

In two studies undertaken by the USD Department of Labour in the last two years, we have documented the widespread exploitation of children throughout the world. Among the conditions we found were:

Children in glass factories exposed to broken glass and intense furnace heat without protective clothing, and sometimes without even a pair of shoes on their feet.

Young girls trafficked over long distances and forced into prostitution.

Children on sugar cane plantations wielding machetes and suffering self-inflicted, frequently incapacitating wounds.

The non-aligned labour ministers met in Delhi in January 1995 and declared: "We are aware and hold that the practice of exploitative child labour wherever it is practised is a moral outrage and an affront to human dignity."

The question is how to move forward. What we must pursue here are practical means to achieve the ends we all desire. I think the answer lies in at least four areas.

First, we must increase global public awareness of the problem — including the awareness of governments. The meeting today is an important element of that campaign. If we look back only three years, child labour exploitation wasn't even on the global political agenda.

Today, the ILO is playing a leading role in this new awareness effort. The International Programme for the Elimination of Child Labour, IPEC, is leveraging the resources provided by the German government, my gov-

ernment, and others, and bringing a coordinated child labour strategy to two dozen nations now.

One important IPEC project recently launched with US government assistance will enable the ILO to work with the Bangladesh Garment Manufacturers and Exporters Association to remove children from garment factories there and place them in school programs. If we can succeed in stopping child exploitation in the garment sector in Bangladesh, why can't we do it elsewhere?

My department is currently preparing a report — for release this fall — that will provide specific information on our country's top 20 garment importers, their subsidiaries, contractors and subcontractors, and their codes of conduct regarding the use of child labour. We are also planning to formally recognize outstanding effort of those companies that do ensure their products are not made by exploited children.

Of course, awareness alone, in the absence of changed behaviour, won't bring results. A second area where we need greater action is in spurring other national and international institutions to participate in the solution.

We know that we have to fight our own internal battles for resources to protect workers — including child workers.

We can't enforce our laws against child labour, and against the sweatshops that foster child labour, without the resources to do it.

We also know that educating children is the surest way to reduce child exploitation. We should become energized to continue the battle on how resources are allocated. This is just too important to leave to finance or budget ministers.

Additionally, we should insist that international financial institutions fully integrate the child labour issue into their decisions. The World Bank and other development banks must do all they can to foster the education of children, and not their exploitation.

Third, we can and should look to adopt additional international law that may be useful to eliminate exploitative child labour. We very much welcome the work towards a new ILO convention in 1998 — and we will be active participants in this effort.

We should examine what role the World Trade Organisation could play. Trade liberalisation and the implementation of core labour standards must go hand-in-hand —

first, because it is right, and

second, because separating the two risks stalling global economic progress. With this in mind, can we really have a sensible set of trade rules if they are indifferent to the trade in items produced by exploited children?

Fourth, beyond building awareness, providing resources for education and law enforcement, and writing new international law, we can and must do more to find incentives to eliminate child labour.

Let me turn, for a moment, to the issue of abusive labour conditions in the garment industry in the United States, and particularly what we are doing to combat it. We know that American companies want to protect their good names, and consumers, by and large, would rather not purchase goods made by exploited workers. Our current efforts, therefore, have sought to enlist the help of our businesses and our consumers in ensuring that minimum standards are observed in the production of garments made in our country.

Companies agree to participate in a compliance programme to assure that their garments are not produced in the United States under illegal conditions. We then provide this information to the public.

We are now exploring other initiatives to enlist consumer support. For example, a voluntary labelling program has now emerged for hand-knotted carpets, called "Rugmark."

This system has gained wide attention in the United States, and I am exploring this further, with regard to other products.

I would like to propose that the secretariat of the ILO produce a study on extending such voluntary labelling programmes to other sectors where child labour is a problem. This study should be ready for consideration within one year.

Labelling programmes are likely to go forward with or without the ILO. But I believe, tripartite involvement and co-operation is the best approach. The United States is prepared to fully participate in such an effort.

Consumers will respond to such a campaign — and if they do, manufacturers will. Child labour will no longer be profitable if the exploiters have a hard time selling their products.

We must and can succeed in the high moral calling to spare our children from the worst forms of abuse and exploitation. We will do our part to help the effort. — Source USIS (The author is the US Secretary of Labour)

## Back in court for tax evasion after 33 years

TOKYO, July 2: A man who returned to Japan on a group tour after moving to Brazil is back in court — after 33 years, reports AP.

The trial on tax evasion and other charges for Mikio Uchinaka, 71, was reopened Monday at the Yokohama District Court, a court official said Tuesday.

In 1955, the Yokohama District Prosecutors' Office indicted Uchinaka for evading taxes totaling 6.3 million yen (dhs 57,000 at current exchange rates) on sales of 11 foreign-made cars he bought from the US military in Japan in the early 1950s.

He also was charged with forging customs certificates, which he allegedly used to import vehicles.

After his indictment, Uchinaka, who is now a Brazilian citizen, had admitted to the charges in 46 trial sessions held up to July 1959. But while free on bail he fled Japan prior to a scheduled court session in 1963.

Court cases in Japan often drag on for years. In those days, I had no confidence to live on in Japan at all. If I had stayed I would have fallen further into trouble," Uchinaka told Monday's court session.