

Does Foreign Aid Really Help the Poor?

by Bharat Dogra

Does aid really go to the small farmers? Or does it go just to the 'big boys' — the judges, the magistrates, the members of Parliament, the union chairmen? Then, what is the impact of aided projects based on the use of high-price imported inputs — as they often are? Besides, land reforms promoted by aid agencies are generally pretentious and do not bring any real benefit to the poor.

IMPRESSIVE statistics are often cited regarding the number of rural poor who have benefited from projects financed by aid agencies. What is forgotten is that these statistics sometimes include all people living in the project area. This is certainly not a proper way of evaluating the number of beneficiaries, as many such projects are known to leave untouched — or even worse off — a majority of the poor. Another reason why the number of rural poor beneficiaries is exaggerated is that often the term 'small farmer' is defined in too liberal a way, to also include relatively better-off medium farmers and in some cases even big landowners.

One US House appropriation subcommittee investigated a livestock project in Honduras, which had received three successive loans, totaling \$23.2 million, from the soft-lending window of the World Bank, the IDA (International Development Association). Investigations revealed that the average size of loans for all three projects ranged from \$25,000 to \$59,000 and that the vast majority of farmers receiving credit from the project owned more than 375 acres of land. These certainly were not the rural poor of Honduras. As the subcommittee pointed out, 'Local officials point out that they have been unable to devise any programme to reach such people and that projects were not designed for, and cannot reach, the rural poor who are landless or existing on 1 or 2 hectares.'

The World Bank (along with the Swedish International Development Authority, SIDA) financed 3,000 deep tubewells in Bangladesh. Each was supposed to serve 25-50 small farmers, organised in a cooperative irrigation group. Did the benefits of this really go to the small farmers? A foreign expert working on this project told two independent researchers, Betsy Hartmann and James Boyce, 'I no longer ask who is getting the well. I know what the answer will be and I don't want to hear it. One hundred per cent of these wells are going to the "big boys". First priority goes to those with

the most power and influence — the judges, the magistrates, the members of Parliament, the union chairmen. If any tubewells are left over, the local authorities auction them off. Big landlords compete, and whoever offers the biggest bribe gets the tubewell.'

A SIDA study that evaluated this project also pointed to its failure, or rather inevitable failure: 'It is not surprising that the tubewells have been situated on the land of well-to-do farmers who are the chairmen and managers of the irrigation groups. It would have been more surprising if the tubewells had not been located on their land, with the existing rural power structure maintained largely because of the unequal distribution of land.'

In their study of one such village, Hartmann and Boyce found the tubewell had become the property of the richest landowner of the village. The irrigation cooperative had been reduced to a few signatures he collected on a scrap of paper. This big landowner sold water to other farmers at a very high rate. He also had his eye on the plots near his tubewell. His increased earnings from the tubewell project have put him in a better position to buy out the small farmers' lands when they are financially in a spot. If aided projects aimed at increasing the productivity of small farmers are based on the use of high-price imported inputs — as they often are — they can result in increased problems for the small farmer.

An obvious example is the Masagana 99 project of the Philippines, initially funded by USAID. Assessing the impact of this programme launched in 1977, Frances Lappe and Joseph Collins wrote, 'By 1977, the government announced that over 50,000 borrowers were being taken to court. Many were small farmers who had lost their crops owing to national calamities. Some were detained without trial and were forced to sell their farm animals or even their farms to repay the government loans.' One of the main beneficiaries of this programme was Planters Products Inc., a company which markets

largely imported fertilisers, pesticides, herbicides and agricultural equipment. To participate in Masagana 99, farmers have had to use certified seeds which call for the massive use of the products supplied by Planters Products.

Occasionally, World Bank aid has been tied to the promotion of export crops, even though left to themselves the local peasants prefer to grow food crops for their subsistence. Many export crops, moreover, are exposed to the rise of a fluctuating market, risks which can wipe out many small, low-resource farmers. The International Finance Corporation (IFC), like the IDA, is a World Bank affiliate but set up with the exclusive purpose of lending to the private sector. In the late 1960s, the IFC invested in sugar production in Ethiopia, in co-operation with HVA, a Dutch agribusiness firm. By 1970, HVA controlled over a fifth of the cultivated land in the Awash valley.

For nearly 500 years, semi-nomadic herders, especially the Afars, had been grazing their cattle in the rich lowland plains inundated by the Awash during the rainy season. As these excellent pastures started falling under the control of HVA and other foreign companies, the pressure on the less fertile areas increased and ecological ruin followed overgrazing. With the loss of the rich greenlands, these tribes became much more exposed to the vagaries of nature. Those who stayed on at the Awash found their cattle dying after drinking water contaminated by sugar mill residues.

In 1973, Ethiopia experienced widespread famine which killed nearly 100,000 people. The semi-nomadic tribes were the worst affected. Nearly one-third of the Afars are estimated to have been wiped out. Thus the poor can sometimes be harmed by misdirected loans.

Often, it is the rich businessmen and contractors who corner a big share of the benefits of such projects. The person who benefited the most from the Bangladesh tubewells project was an extremely rich, London-based businessman of

Bangladesh. When his company secured the contract for supplying pumpsets for this project, Hartmann and Boyce report, 'the price tag on the pumpsets jumped to \$12 million although another company had reportedly offered to provide them at the World Bank's original estimate of \$9 million... In the words of one official, the businessman's extra \$3 was easier than robbing a bank.'

Similarly, Lappe and Collins write about the experience of some projects in Bangladesh. 'While investigating the Bank-funded rural development project in Bangladesh, we learnt that rural work projects designed to maximise local labour input had been diverted from the local rural workers committee by rich contractors. These contractors, using capital-intensive methods, built roads and markets quickly and shoddily but quite lucratively for themselves. World Bank internal reports disclosed that recently completed market places were in deplorable conditions and that the newly built roads were already partially washed away.'

The Wall Street Journal reported on 10 November 1977 that '(in Indonesia) it is authoritatively estimated that 10 to 15 per cent of the total outlay on Bank-financed projects (running at over \$500 million a year) is dissipated through leakage.' Lappe and Collins pointed out that the land reforms promoted by aid agencies are generally pretentious and do not bring any real benefit to the poor.

In fact, these reforms can have the effect of strengthening the position of an enclave of better-off producers, at the cost of forestalling possibilities for a more sweeping reform motivated by an organised peasantry and benefiting an entire rural population.

— Third World Network Features

The author, based in New Delhi, is editor of *News from Fields and Slums (NFS)*, an alternative media effort offering an insight into issues of relevance to the grassroots in India.

Liberation and Beyond

by J N Dixit

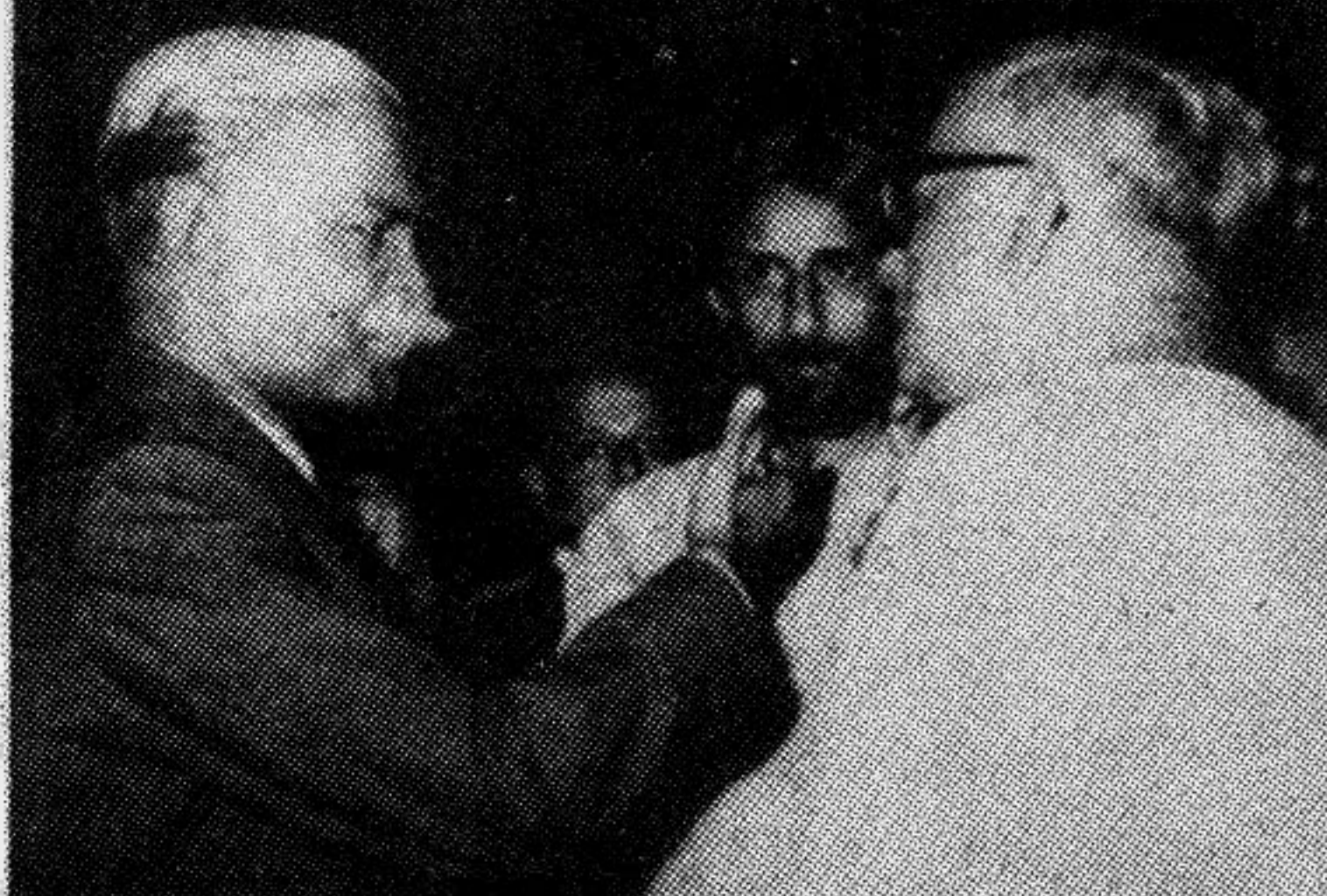
(The Daily Star is serialising extracts from the book through exclusive contract with University Press Limited (UPL), publisher of its Bangladesh edition).

1973: Beginnings of Disillusion

IT must be mentioned in parenthesis that some of the senior advisers of Mrs. Gandhi like D P Dhar had anticipated this prospect of Bangladesh trying to distance itself from India under the new leadership of Mujibur Rahman. D P Dhar was not in favour of returning to Pakistan its territory in the discussions preceding the summit at Shimla. He was not in favour of releasing all the Pakistani prisoners of war. He felt that Bangladesh should be encouraged to go ahead with war crime trials of Pakistani officers. Dhar's assessment was that the tension and bitterness that these steps would generate would ensure that there would be no early rapprochement between Pakistan and Bangladesh. He also wanted the Indo-Bangladesh agreements on political, defence and economic cooperation in specific terms. As far as I recall, P N Haksar and Sardar Swaran Singh held a different view. They felt that there was no point in structuring a relationship with Bangladesh with purely Indo-centric motivations, especially if such a relationship were to be created through only Indian persuasion. They felt that after having achieved liberation Bangladesh on its own should decide what equations it should have with important countries in Asia and with other important powers of the world. They also thought that keeping Pakistani prisoners of war for a long period in India would be a costly proposition; not only in terms of expenditure but even in political terms. There was no logic in adding to the perennial bitterness which characterised Indo-Pakistan relations. For the same reason they were also opposed to India advocating holding of any war crime trial. They felt that Bangladesh should take the decision on this issue entirely on its own.

This is precisely what Bangladesh did. Sheikh Mujibur Rahman and his close advisers were not unaware of these undercurrents in India's foreign policy. In any case, fissures began to appear in Indo-Bangladesh relations by the first quarter of 1973. They accentuated to critical levels in 1974, but that is another story.

The honeymoon phase of Indo-Bangladesh relations came to



General MAG Osmany, first C-in-C of Bangladesh Army with Ashok Sarkar of the Ananda Bazar Patrika, Calcutta at a reception.

an end by the spring of 1973. The symptoms which confirmed this were certain leaders of the Awami League, such as Khondakar Mushtaq Ahmed, questioning India's motivations in trying to be of economic and security assistance to Bangladesh. These elements promoted the view that India's primary motivation for supporting the Bangladesh liberation war was its own strategic interests (correct), which was limited to the break-up of Pakistan (not correct). They went on to assert that India's extensive economic assistance to Bangladesh in 1972 was part of the same game plan with the ultimate motive of dominating Bangladesh. They advocated that Bangladesh should restore relations with Pakistan, China and the United States and the oil-rich countries of the Gulf, emphasising that such diversification of its foreign relations would neutralise India's overbearing influence. Certain sections of the Bangladesh media joined in this campaign with political commentaries and editorials. Parallel to this, the absorption of pro-Pakistani Bangladeshis belonging to the old Pakistan civil service into the central administration of Bangladesh resulted in an insidious campaign aimed to create hurdles in the implementation of programmes and projects of bilateral cooperation between India and Bangladesh.

Some policy decisions of India gave a handle to those in Bangladesh who were opposed to close bilateral relations and were seeking confirmation of the validity of their position. India not returning to Bangladesh all the military equipment captured from the Pakistani army, the delay in handing over the territorial enclaves belonging to Bangladesh, and a certain freedom given to businessmen from West Bengal to establish contacts with the private sector in Bangladesh were all

interpreted as parts of India's negative and hidden agenda on Bangladesh. This criticism of India found expression in an undercurrent of propaganda against some members of the Mujibur Rahman Cabinet who had been members of the Mujibnagar Government during the liberation war. The propaganda averred that these ministers were functioning as Indian agents. Finance Minister Tajuddin Ahmed was a particular target of this criticism. The delay in handing over of the Teen Bigha corridor to Bangladesh due to legal, procedural, political and constitutional difficulties which India had to face (the corridor was ultimately handed over to Bangladesh in May 1992) was interpreted as a manifestation of India's approach of territorial aggrandisement.

Another issue of contention was, the Joint Rives Commission, set up to resolve the issue of sharing Ganga waters. It got bogged down because its Bangladeshi co-chairman decided to take a negotiating stance which was exactly that of Pakistan before the liberation of Bangladesh. India suggested a joint physical survey of water flows on the basis of which water resources could be apportioned taking into account the actual water requirements of Bangladesh during the lean season spread over between six weeks to two months. But the Bangladesh delegation shot this proposal down and stuck to demands based on some absolute figures inherited from the Pakistani days claiming 55,000 to 60,000 cusecs of water below the Farakka Barrage regardless of the actual volume of water flows at Farakka. When it was suggested that India and Bangladesh might jointly explore the possibilities of augmenting the water flows in the Ganga below the Farakka through other means and by tapping other rivers, the Bangladesh side was reluctant even to undertake a feasibility study.

India had given, as mentioned in an earlier chapter, two Fokker Friendship aircraft and a couple of cargo ships to Bangladesh to establish its airlines and shipping lines. In 1973 there was politically inspired criticism that India had given sub-standard aircraft and ships and had forced Bangladesh to make financial commitments to pay for them. The suggestion was that this prevented Bangladesh from obtaining superior aircraft and ships from other countries. The ships were in particular focus in this controversy. There were breakdowns in the operation of these ships not because they were delivered in a bad condition but because of lack of trained manpower in Bangladesh who were to maintain these vessels. Mechanical failures in these ships were interpreted as a part of India's plans to make Bangladesh excessively dependent on Indian merchant shipping lines.

Then, there was the controversy relating to textile exports from India. There was an acute shortage of basic clothing in Bangladesh. Responding to Bangladesh's requests, India agreed to export large numbers of lungis and sarees to Bangladesh. But India was accused of deliberately sending sub-standard and bad material to swamp the Bangladesh market. Some Bangladeshi critics went to the extent of accusing India of exporting large numbers of sarees with a view to killing the famed 'Dacca Saree Manufacturing Industry'. This paranoid propaganda reached ridiculous levels in the second half of 1973 when there was a sudden shortage of hilsa and river shrimps due to some seasonal factors. Certain vernacular newspapers indulged in the speculation that fishing authorities in West Bengal had mixed some bait or chemicals in the lower reaches of the river systems which flowed through West Bengal before joining the sea. This had affected the habitat of all the hilsa fish and shrimps, depriving Bangladesh of its normal catch. Other issues also cropped up revealing differences of opinion between India and Bangladesh.

The maritime boundary between India and Bangladesh in the northern reaches of the Bay of Bengal had not been demarcated before liberation. Bangladesh wanted the trajectory from the coastline to the sea for determining the maritime boundary in a manner that would give Bangladesh a larger economic zone in the coastal seas than what it would get on the accepted principles of international law for delineating the maritime boundary. There was also an island called the New Moor island over which both India and Bangladesh claimed jurisdiction. The real reason behind Bangladesh's somewhat exaggerated claims over the coastal seas was the anticipation that there were off shore oil reserves in the Bay of Bengal. Bilateral discussions on all these issues had begun within the institutional framework of joint mechanisms which Sheikh Mujibur Rahman and Mrs Gandhi had put in place as a follow up of her visit to Dhaka in March 1971.

I was a participant in the discussions of the Joint Rivers Commission and on maritime boundary. In retrospect my assessment is that while Bangladesh made the mistake of reverting to Pakistani negotiating stances in dealing with these issues, Indian reaction, instead of being accommodating, was too rigid. I feel that India should have expedited the handing over of the enclaves to Bangladesh. We should have also taken interim steps to share the Ganga water on the lines which we accepted much later, in 1977-78, and then again in December, 1996. I am also of the view that India should have delineated the maritime boundary on the basis of mutual accommodation and assurances to Bangladesh that if oil was found in the Bay of Bengal, it would be shared with Bangladesh. A quid pro quo could also have been discussed for Bangladesh getting oil in exchange of giving India natural gas of which there were proven reserves in that country.

(Continued)

More Than Mere Glamour

by Sam Tanenhaus

John Kennedy Jr. was granted no choice at all. It was stardom from the beginning. But he never confused it with heroism, and he deserves our gratitude for doing his best to make sure we understood the difference, too.

NOW that the assessments of John F. Kennedy Jr.'s short life have begun, the general impression seems to be that his importance had more to do with his good looks, his glamorous aura and his good nature than with any particular contribution he made to American politics or society. But that would be a misreading of who he was. Certainly, as an adult he struggled to find himself.

Although he had an early interest in acting, he drifted to law school and a short tenure in the Manhattan prosecutor's office, where he was well liked but hardly stood out. 'I'm clearly not a major legal genius,' Mr. Kennedy cheerfully admitted after twice failing the bar exam while the tabloids crowded over the 'Hunk Who Flunked.'

In 1995, he attempted his first sustained venture when he founded *George*, the glossy political magazine. But when the first issue appeared, with Cindy Crawford on the cover dressed up as a winking George Washington, complete with powdered wig and bare midriff, Mr. Kennedy's judgment and his seriousness seemed suspect once again. The criticism grew louder after Mr. Kennedy bared much of his own body in the pages of the magazine. More recently, his high-profile friendships with the likes of Larry Flynt and Mike Tyson left some wondering whether he retained any respect for the great political name he bore.

But in truth, Mr. Kennedy seems to have understood with unique clarity that he had become an emblem of the new celebrity politics. Today that politics is all around us. There is the starstruck road show of the lowly Hillary Rodham Clinton around New York. There is the current Presidential race. Al Gore, we're told, is worried about his poor showing among those who constitute the 'Ally McBeal' vote — that is, among single young women who still swoon over Bill Clinton but are bored by Mr. Gore's workaholic and his wooden demeanor.

Meanwhile, George W. Bush is outpacing all his Republican rivals because he's more charming and relaxed than they are, more 'fun,' which is another way of saying that Mr. Bush



WASHINGTON: The picture dated May 1, 1999 shows John F. Kennedy Jr. and his wife Carolyn Bissette. — AFP photo

would fare best on MTV. Politics was not always so trivial a business. To watch the political television debates of 1960, the great media event of their day, is to marvel at the seriousness of the subjects addressed by the two very young candidates, John F. Kennedy and Richard M. Nixon. Should the United States mount an assault against Fidel Castro? Had we allowed the Soviets to create a 'missile gap' that gave them a nuclear advantage? Just how many millions of Americans were impoverished and undernourished?

Mr. Kennedy came out ahead, according to conventional wisdom, because he was more telegraphic than his opponent. But that mattered only because he held his own on the issues. Today's politics is far different, and for John Kennedy Jr. what may have been most telling is how many years he let go by without seeking elective office. After his poised and polished performance at the 1988 Democratic convention, it was widely assumed he would enter politics.

The opportunity was there — for instance, his name was mentioned when New York's Daniel Patrick Moynihan decided not to seek re-election to the Senate. But Mr. Kennedy held back. 'A public career is it a lot to bite off. And you better be ready for it,' he said when asked about the attractions of political life. These were not the words of a naïf but the wary judgment of someone who knew, with harrowing exacti-

tude, that there is a shadow side to all this political fun. He had grown up being trailed by Secret Service agents.

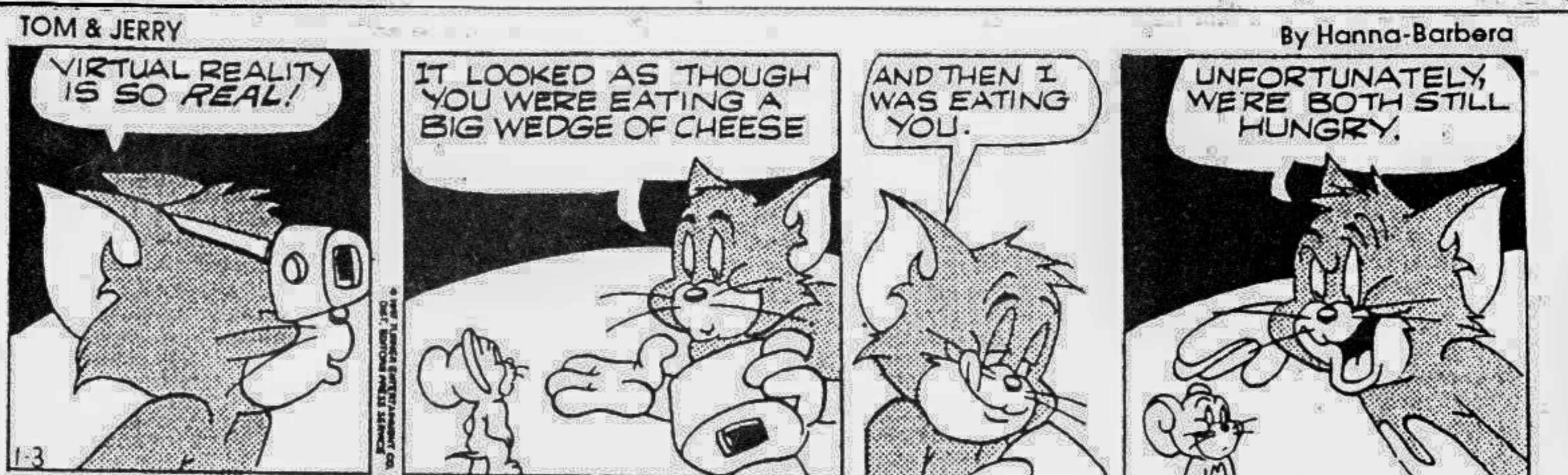
No one knew better than he that democracy's entertainments can quickly become disturbing spectacles. Many have praised his ongoing interest in politics. But the public service he gravitated toward was charitable and nonpolitical and done behind the scenes. Like Princess Diana, with whom he apparently felt a kinship, Mr. Kennedy was especially drawn to the plight of have-nots and outcasts. Reaching up, the non-profit group he headed for a decade, helped train people who work with the mentally retarded. It is hard not to think that some part of him must have hated politics. Perhaps this was why *George*, though Mr. Kennedy described it as a vehicle for raising civic awareness, did best when it made sport of politics and political figures and of the pundits who have become celebrities in their own right. It seems so emblematic that on a recent visit to South Dakota Mr. Kennedy wanted to rattle down Mount Rushmore (a request denied by park officials); rather than trying to scale the heights of elective politics, he was more like a child thumbing his nose at it.

In the final volume of his memoirs Henry Kissinger reckons the cost Camelot exacted from all Presidents who followed. 'John F. Kennedy's Presidency was too brief to require him to choose between heroism and stardom, or even to be conscious of the choice,' Mr. Kissinger wrote. 'Kennedy was able to practice both modes, unintentionally mortgaging the tenure of his immediate successors who fell prey to the illusion that no choice needed to be made.'

John Kennedy Jr. was granted no choice at all. It was stardom from the beginning. But he never confused it with heroism, and he deserves our gratitude for doing his best to make sure we understood the difference, too.

The author, a contributing editor at *Vanity Fair*, is the author of *Whittaker Chambers: A Biography*. This piece appeared in July 20 issue of *The New York Times*.

By Hanna-Barbera



Watching Disillusioned Societies

by A Husnain

A disillusioned society loses its sense of direction, and is therefore unpredictable to that extent; and is also, to the same extent, dangerous, because sudden events or movements might take uncontrollable turns.

The example of Moscow (Russia) immediately comes to mind — the complex process of changing over from communism to capitalism; with the leadership in crisis. Then look at the Kashmiri people, fighting a rear-guard action for half a century, controlled by two neighbouring countries, who cannot solve the problem bilaterally (now a third party, US/UN, is being brought in unofficially behind the scenes). Iran is showing some symptoms, judging from the western media reports (why the Islamic world could not yet set up its own international news service, initiated by the OIC, a moth-eaten institution which prefers to do nothing crisis after crisis?).

Indonesia is in ferment after controlled regimes ran the country for half a century. The Tamil Sri Lankans can't make up their minds: or have they? The NE Indian states are in turmoil for decades, with no so-

lution in sight in New Delhi. The emerging African nations are still sorting it out — the price of freedom is heavy. Iraq is suffering the Jews' pound of flesh. Persian and Arabic do not mix. The fear of religion is ruling the world: after Christianity, what?

The Bangladesh society may be classified as passing through a severe dose of disillusionment. Can't get our bearings right. The politicians are still fighting over the future image or reality of Bangladesh, and the poor people are confused, and see no end of the debate and conflicts, as the politicians fail to reach a consensus on the basics (do we know clearly what is the basic goal?).

A morbid society is like a hang-over, or a lump of cancer, which distracts attention from forward-looking national programmes and projects. Now a 'Dhaka cholo' (converge on Dhaka) agitation mass march is being planned by the combined Opposition from Nov 7, with non-stop hartal, till the fall of the regime within this century, so as to start the millennium with a clean slate. This is stark reality; what could be more cruel for a hunched society?

Where to seek temporary ill-

lusionary relief? Nostradamus is in the news with his arcane predictions made centuries ago. One former British Prime Minister (James Callaghan) proposed a political forecasting tool: major political changes occur after an average of 30 years. Applied to Bangladesh, the next important change may be in 1971+30=2001 AD. The date on the other side, 1941, (1971 minus 30), is also important: did it have something to do with the famous Lahore Resolution which germinated Pakistan? Numerology provides another data: 1999 is one, the beginning of a new phase, Hazrat Nizamuddin Awlia [RA] predicted about 800 years ago that the World War II would start 21 years after WW-I; British India would be partitioned [in 1947]; and the time for natural calamities and plague is near: the decline of the West and the ultimate rise of Islam; and gloomy news about Japan and England. Pessimistic or optimistic? Take your choice.

Who are going to save Bangladesh: the politicians, fate, or the greenhouse effect? To guess the answer, the waiting period is not too long.

