

## Who Gives Rickshaw Licence?

We all knew that it was the sole responsibility of Dhaka City Corporation (DCC) to issue rickshaw licence. But from the looks of the licence plates that adorn most of the city rickshaws it appears that there are now dozens of bodies performing this function. In The Daily Star of yesterday we published pictures of nine different licence plates of which only one was issued by DCC and the rest eight by bodies who have absolutely no power of doing so. The question is how such licences are being issued with impunity and the city authorities are not applying the law against them? We consider this to be one of the most glaring examples of abdication of governance. Everyday hundreds of thousands of rickshaws are plying the streets of Dhaka with false licences and nothing is being done about it. It may have started with a few, but as DCC did nothing against the law-breakers, others got into the act of issuing illegal licences.

The result is that today nobody knows how many rickshaws are using our streets and how many more will pour into them tomorrow. A few weeks ago we saw an attempt of doing away with the illegal rickshaws in the city by rounding up a number of them and then destroying them. That measure did improve the situation for a while but it did not last. This is so because we are always adopting ad hoc measures as against any well-thought-out planned action. Why has the DCC permitted this situation to continue? In addition to the rickshaws, we now have rickshaw vans also sharing the road space. These vans do not even pretend to have any licences, even the fake ones. How can a metropolitan city have a situation where any contraption of a vehicle can start using the roads without any legal sanction? We are not even raising the other relevant issues of road worthiness, safety standard, necessary training and knowledge about traffic rules of drivers, etc. which taken together contributes to the chaos that marks our city traffic today.

As the first step DCC must reclaim and reassert its legal role of being the only licencing authority for the rickshaws and rickshaw vans. It must immediately investigate the bodies who have flooded the city with illegal rickshaws and take stern action against them after first confiscating all such vehicles. There cannot be any compromise as regards the laws that people will have to obey if they want to use the city streets. The traffic will choke itself to a standstill unless we take some urgent steps. Will DCC rise to the occasion?

## 'Second Most Dangerous Port'

CHITTAGONG Port, otherwise troubled by workers' unrest, has been classified by the International Maritime Organisation (IMO) as the 'second most dangerous port' in the world. The ranking is based on incidence of piracy at the outer anchorage. Indonesia, another developing country of Asia, has the dubious distinction of topping the list. According to the version of Coast Guards as reported in a prominent Bangla daily, around forty ships, both local and foreign, were attacked by pirates and the number for the four months of the current year is already around a dozen. However, shippers thought the number would be higher.

The Chittagong port authority boss shifted the responsibility on to the coast guards. But a prominent shipper says that every ship has to pay a large fee of four to ten thousand dollars as 'port dues' which is compulsory. And if the port authority cannot provide even the minimum protection to these ships they have no business collecting those dues. Most of the robberies have been classified as 'petty' thefts by the boss of the marine dept of the port who has given suggestions that should however receive attention of the authority. If the adjacent coastal belt police stations are alerted and the pirates cannot move their 'booty' on to the shore, these thefts will be automatically stopped suggests Deputy Conservator Capt Amirul Islam.

In the meantime Chittagong port is losing face before the maritime world and the country as a whole stands defamed by the action of a handful of pirates. The port, which is virtually the most important lifeline for this nation, deserves more care and attention of the government. The number of coast guards should be raised with adequate equipment provided them to help them tackle the problem of piracy effectively to save the goodwill and reputation of Chittagong Port.

## Think of Water-logging

WEDNESDAY'S downpour once again illustrated the extent to which Dhaka city has become a captive of a sewerage-disorder. A number of places, especially in the old part of the capital, went under knee-deep water, with filth choking civic life. Experiences of the most of the neighbourhoods in the city have been more or less the same. Unattended, the situation could worsen from a crisis to a catastrophe.

A number of reasons are reported to have caused this mess. Even after realising the necessity and urgency of a proper drainage network quite some time ago, we have done virtually nothing to upgrade the obsolete, 50 year-old system. The plans to replace it with a "better" one, compatible enough to match the city's population burden, have been so far unsubstantial or unsuccessful. This amounts to a culpable offence, something that could not have gone unpunished abroad.

A plan for an integrated sewerage system is still a far cry. Given the seriousness of the problem, policymakers and city planners need to pull up their socks and devise a well thought-out scheme with a long-term demographic angle. Also, they have to take a holistic approach if necessary, by involving the non-governmental sector.

# IMF Activities on Spotlight

by Harun ur Rashid

The most significant fallacy IMF committed was its prescription to ease Asian financial crisis in 1997. Its policy of high interest rates and massive cuts in government spending was found to be counter-productive.

week living in a Third World village. He launched a debt-reduction programme which eventually saw the governments of the rich world last year forgive almost US\$70 billion in Third World debt — a fifth of the total owed by the poor countries.

Mr. Wolfensohn sought to break the "lending culture" of the Bank. He discarded the traditional "project-focused" agenda of the Bank and announced that countries needed to meet a broad range of conditions if they were to improve.

He broke the long-standing taboo and started openly attacking corruption. Staff promotions now depend not on how much money is rushed out of the door but on how projects contribute to the welfare of the poor over the medium term.

But there are critics as well for Mr. Wolfensohn's actions. Some Congressmen think that Wolfensohn has gone into soft issues, such as women rights, education, environment leaving in lurch the core activities

of the Bank. However the majority view is that the Bank has turned the corner and from this June Wolfensohn was appointed for a second five-year term.

But the other sister institution IMF seems to be in trouble. The most significant fallacy IMF committed was its prescription to ease Asian financial crisis in 1997. Its policy of high interest rates and massive cuts in government spending was found to be counter-productive. It further deepened the crisis and Malaysia had to reject

IMF prescription to the utter surprise of IMF's gurus in Washington.

### IMF

Now the cat is out of the bag with regard to IMF. The former chief economist of the World Bank Joseph Stiglitz who left the Bank last November after a policy dispute has presented a damning report on the inner workings of the IMF in *New Republic* magazine. It is an interesting reading. A short summary of his views include the following:

- The IMF sends economists to developing countries who do not know anything about the actual dynamics of those economies and who compile country report in a matter of days.
- The IMF economists lack extensive experience in the country. They are more likely to have firsthand knowledge of its five-star hotels than of the rural areas of the country being visited.
- When the IMF teams arrive they apply "out of date" mathematical models to crunch the numbers and they often use the same analysis for different countries indiscriminately.
- IMF country teams have been known to compose draft reports before visiting the country.
- Far from being a genuine think-tank for economists, the IMF employs first-rate economists from first-rate universities. IMF almost never succeeded in recruiting



Demonstrators at IMF-WB meeting: Testimony to dislike of policies

## OPINION

# The "Economic Medicine"

by Michel Chossudovsky

THROUGH the imposition of deadly macroeconomic medicine, the IMF and the World Bank are responsible for destroying national economies. Since the early 1980s, the "macro-economic stabilization" and "structural adjustment" programmes imposed by the IMF and the World Bank on developing countries (as a condition for the renegotiation of their external debt) have led to the impoverishment of hundreds of millions of people.

Contrary to the spirit of the Bretton Woods agreement which was predicated on "economic reconstruction" and stability of major exchange rates, the structural adjustment programme has largely contributed to destabilising national currencies and ruining the economies of developing countries. Internal purchasing power has collapsed, famines have erupted, health clinics and schools have been closed down, hundreds of millions of children have been denied the right to primary education. While the World Bank's mandate consists in "combating poverty" and protecting the environment, its support to large scale hydro-electric and agro-industrial projects has also speeded up the process of deforestation and the destruction of the natural environment, leading to the forced displacement and eviction of several million people.

**Global Geopolitics**  
In the aftermath of the Cold War, macro-economic restructuring also supports global geopolitical interests. Structural adjustment is used to undermine the economy of the former Soviet block and dismantle its system of State enterprises. Since the late 1980s, the IMF-World Bank "economic medicine" has been imposed on Eastern Europe, Yugoslavia and the former Soviet Union with devastating economic and social consequences.

Whereas the macro-economic therapies under the jurisdiction of national governments, tend to be less brutal than those imposed on the South and the East, the theoretical and ideological underpinnings are broadly similar. The same global financial interests are served. Monetarism is applied on a World scale, the process of global economic restructuring strikes at the very heart of the rich countries. The consequences are unemployment, low wages and the marginalization of large sectors of the population. Social expenditures are curtailed and many of the

achievements of the Welfare State are repealed. State policies have also encouraged the destruction of small and medium sized enterprises. Low levels of food consumption and malnutrition are also hitting the urban poor in rich countries. According to a recent study, 30 million people in the United States are classified as "hungry". Since the mid-1980s, the impact of structural adjustment including the derogation of the social rights of women and the detrimental environmental consequences of economic reform have been amply documented. While the Bretton Woods institutions have acknowledged "the social impact of adjustment", no shift in policy direction is in sight. In fact, since the late 1980s coinciding with the collapse of the Eastern block, the IMF-World Bank policy prescriptions (now imposed in the name of "poverty alleviation") have become increasingly harsh and unyielding.

### Social Polarization and Concentration of Wealth

In the South, the East and the North, a privileged social minority has accumulated vast amounts of wealth at the expense of the large majority of the population. This new international financial order feeds on human poverty and the destruction of the natural environment. It generates social apartheid, encourages racism and ethnic strife, undermines the rights of women and often precipitates countries into destructive confrontations between nationalities. Moreover, these reforms — when applied simultaneously in more than one hundred countries — are conducive to a "globalization of poverty", a process which undermines human livelihood and destroys civil society in the South, the East and the North.

### Role of Global Institutions

Global institutions play an important role in the process of restructuring national economies. The ratification of the GATT agreement and the formation of the World Trade Organization (WTO) marks a landmark in the development of the global economic system. The WTO's mandate consists in regulating world trade to the benefit of the international banks and transnational corporations as well as "supervising" the enforcement of national trade policies. The GATT

agreement violates fundamental peoples' rights, particularly in the areas of foreign investment, bio-diversity and intellectual property rights.

In other words, a new "triangular division of authority" has unfolded based on the close collaboration of the IMF, the World Bank and the World Trade Organization (WTO) in the "surveillance" of developing countries' economic policies. Under the new trade order (which emerges from the completion of the Uruguay Round at Marrakesh), the relationship of the Washington based institutions to national governments is to be redefined. Enforcement of IMF-World Bank policy prescriptions no longer hinges solely upon ad hoc country-level loan agreements (which are not "legally binding" documents). Many of the clauses of the structural adjustment programme (e.g. trade liberalization) will become permanently entrenched in the articles of agreement of the new World Trade Organization (WTO). These articles will set the foundations for "policing" countries (and enforcing "conditionalities" according to international law.

### The IMF Menu

The same "menu" of budgetary austerity, devaluation, trade liberalization and privatization is applied simultaneously in more than 100 indebted countries. Debtor nations forego economic sovereignty and control over fiscal and monetary policy, the Central Bank and the Ministry of Finance are reorganized (often with the complicity of the local bureaucracies), State institutions are undone and an "economic tutelage" is installed. A "parallel government" which bypasses civil society is established by the international financial institutions (IFIs). Countries which do not conform to the IMF's "performance targets" are black-listed. While adopted in the name of "democracy" and so-called "good governance", the structural adjustment programme requires the strengthening of the internal security apparatus: political repression — with the collusion of the Third World elites — supports a parallel process of "economic repression". "Good Governance" and the holding of multi-party elections are added conditions imposed by the donors and creditors.

All good and sensible citizens must join together and express their views about the state of politics and the inner integrity of the politicians. This type of movement shatters all national dreams; as, under the present debased environment, there is nothing to look forward to in life.

Abul M Ahmad  
Dhaka

tors, yet the very nature of the economic reforms, precludes a genuine democratization.

Structural adjustment promotes bogus institutions and a fake parliamentary democracy which in turn supports the process of economic restructuring. Throughout the Third World, the situation is one of social desperation and hopelessness of a population impoverished by the interplay of market forces, anti-SAP riots and popular uprisings are brutally repressed: Caracas, 1989, President Carlos Andres Perez after having rhetorically denounced the IMF of practicing "an economic totalitarianism which kills not with bullets but with famine", declares a state of emergency and sends regular units of the infantry and the marines into the slum areas (barrios de ranchos) on the hills overlooking the capital. The Caracas anti-IMF riots had been sparked off as a result of a 200 per cent increase in the price of bread. Men, women and children were fired upon indiscriminately: "The Caracas morgue was reported to have up to 200 bodies of people killed in the first three days ... and warned that it was running out of coffins". Unofficially more than a thousand people were killed. Tunis, January 1984: the bread riots largely instigated by unemployed youth protesting the rise of food prices; Nigeria: 1989, the anti-SAP student riots lead to the closing of six of the country's universities by the Armed Forces Ruling Council; Morocco: 1990, a General strike and a popular uprising against the government's IMF sponsored reforms; Mexico 1993: the insurrection of the Zapatista Liberation Army in the Chiapas region of Southern Mexico. In protest movements in the Russian Federation and the storming of the Russian parliament, and so on, the list is long.

### Destroying the National Economy

The restructuring of the world economy under the guidance of the Washington based financial institutions increasingly denies individual developing countries the possibility of building a national economy: the internationalization of macro-economic policy transforms countries into open economic territories and national economies into "reserves" of cheap labour and natural resources.

The application of the IMF "economic medicine" tends to further depress world commodity prices because it forces individual countries to simultaneously gear their national economies towards a shrinking world market. At the heart of global economic system, lies an unequal structure of trade, production and credit which defines the role and position of developing countries in the global economy. What is nature of this unfolding world economic system, on what structure of global poverty and income inequality is it based? In many indebted Third World countries, real salaries have declined by more than sixty per cent since the beginning of the 1980s. The situation of the informal sector and the unemployed is even more critical. In Nigeria under the military government of General Ibrahim Babangida, for instance, the minimum wage declined by 85 per cent in the course of the 1980s. Wages in Vietnam were below \$10 a

month while the domestic price of rice had risen to the world level as a result of the IMF programme carried out by the Hanoi government: a Hanoi secondary school teacher, for instance, with a university degree received a monthly salary of less than 15 dollars. A similar pattern exists in the former Soviet Union, domestic prices are "dollarised" whereas the monthly minimum wage is below 10 dollars a month. In Peru, in the aftermath of the IMF-World Bank sponsored Fujishock implemented by President Alberto Fujimori in August 1990, fuel prices increased by 31 times overnight whereas the price of bread increased by 12 times. The real minimum wage had declined by more than ninety per cent (in relation to its level of the mid-seventies). Whereas an agricultural worker in Peru's Northern provinces was in August 1990 receiving \$7.50 a month, the domestic prices of many consumer goods in Lima were higher than in New York.

### Dollarization of Prices

While there are sizable variations in the cost of living between developing and developed countries, devaluation combined with trade liberalization and the deregulation of domestic commodity markets (under the structural adjustment programme) is conducive to the dollarization of domestic prices. Increasingly, the domestic prices of basic food staples are brought up to their world market levels. This new world economic order, while based on the internationalization of commodity prices and a fully integrated world commodity market, increasingly functions in terms of a watertight separation between two distinct "labour markets". In other words, this global market system is characterized by a duality in the structure of wages and labour costs between rich and poor countries. Whereas prices are unified and brought up to world levels, wages (and labour costs) in the Third World and Eastern Europe are as much as seventy times lower than in the OECD countries.

Income disparities between nations are superimposed on extremely wide income disparities between social-income groups within nations. In many Third World countries, at least 60 per cent of national income is concentrated in the upper 20 per cent of the population. In many low and middle income developing countries, 70 per cent of rural households have a per capita income which is between 10 and 20 per cent of the national average.

These vast disparities in income within and between countries are the consequence of the structure of commodity trade and the unequal international division of labour which imparts to the Third World and more recently to the countries of the former Soviet block a subordinate status in the global economic system. These disparities have widened in the course of the 1980s and 1990s as a result of the "remoulding" of indebted Third World economies under the structural adjustment programme.

### "Thirdworldization" of the Former Eastern Block

The end of the Cold War has had a profound impact on the global distribution of income. Until recently, Eastern Europe and the Soviet Union were considered as part of the developed "North", i.e. with levels of material consumption, education,

any of the best students from Oxford, Stanford, MIT, Yale and Princeton Universities (where Mr. Stiglitz taught). The economic disaster in Russia was largely the result of a victory for a particular line of economic thinking at the US Treasury and the IMF ignored the institutional features of the Russian economy. Indonesia and other Asian countries suffered from the doctrinaire approach when their economies experienced a currency crisis. The IMF ignored one of the tenets of modern macro-economics when it recommended that these Asian nations should balance their budgets during a recession.

In short, Mr. Stiglitz supports the call of fundamental change of the IMF activities. There is a view that IMF should withdraw from long-term lending and leave poverty-reduction lending to the World Bank. The US also suggested a plan to change the process of choosing the heads of the international financial institutions (US gets the Presidency of the Bank and advisory committees should be set up to choose a shortlist of qualified candidates. Prior to the appointment of the new Managing Director, the US objected to Koch-Weser, the original German nominee to become the head of the IMF.

If Stiglitz's criticisms are true, the IMF needs a drastic reform. The IMF has a new Managing Director, Horst Kohler (German). Every one is waiting to see how the new head of the IMF shakes the institution from its slumber or, according to some, from its "intellectual arrogance".

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health, scientific development, etc., broadly comparable to those prevailing in the OECD countries. Whereas average incomes were on the whole lower, Western scholars nonetheless acknowledged the achievements of the Eastern block countries particularly in the areas of health and education. Impoverished as a result of the IMF sponsored reforms, the countries of the former socialist block are now categorized by the World Bank as "developing economies", alongside the "low" and "middle income countries" of the Third World. The Central Asian republics appear next to Syria, Jordan and Tunisia in the "lower middle-income" category, whereas the Russian Federation is next to Brazil with a per capita income of the order of \$3000. This shift in categories reflects the outcome of the Cold War and the underlying process of "thirdworldization" of Eastern Europe and the former Soviet Union.

### Economic Ideology Distorts Causes of Global Poverty

In parallel with the "remoulding" of the global economy, the dominant economic discourse has, since the early 1980s, reinforced its clutch in academic and research institutions throughout the World: critical analysis is strongly discouraged, social and economic reality is to be seen through a single set of fictitious economic relations which serve the useful purpose of concealing the workings of the global economic system. Mainstream economic scholarship produces theory without facts ("pure theory") and facts without theory ("applied economics"): the dominant economic dogma admits neither dissent nor deconstruction of its main theoretical paradigm: the universities' main function is to produce a generation of loyal and dependable economists who are incapable of unveiling the social foundations of the global market economy.

Similarly, Third World intellectuals are increasingly enlisted in support of the neo-liberal paradigm, the internationalization of economic science unreservedly supports the process of global economic restructuring. This "official" neoliberal dogma also creates its own "counter-paradigm" embodying a highly moral and ethical discourse. The latter focuses on "sustainable development" and "poverty alleviation" while distorting and "stylizing" the policy issues pertaining to poverty, the protection of the environment and the social rights of women.

This "counter-ideology" rarely challenges neoliberal policy prescriptions. It develops alongside and in harmony rather than in opposition to the official neoliberal dogma. Within this counter-ideology (which is generously funded by the research establishment) development scholars find a comfortable niche. Their role is to generate within this counter-discourse a semblance of critical debate without addressing the social foundations of the global market system. However, inasmuch as this analysis is functionally divorced from an understanding of the main macro-economic reforms, it rarely constitutes a threat to the dominant neoliberal economic paradigm.

The author is Professor of Economics, University of Ottawa. The above is an abridged version of his article received on the Internet.

## To the Editor ...

### Faulty admission system

Sir, This year, the DU authority has taken some positive steps to prevent cheating in the admission test. They have shuffled the admission forms and thus, no one buying two forms from the bank got two consecutive serial numbers.

However, this has created an opportunity for some coaching centers. They some how managed hundreds of forms with consecutive serial numbers. The admission seekers bought those from them in exchange of some extra money.

Most of my friends had formed groups of five or six students and they bought admission forms with consecutive serial numbers. Obviously, they want to sit together during the admission test and consult the answers among themselves,

before answering. In these types of competitive exams, every single number is important. For the deficiency of only one mark, one's ranking decreases up to 10 positions. So I would like to request the authorities concern to adopt strict measures and if possible, shuffle the seating arrangements during the exam.

Imtiaz Choudhury  
Lalmatia

### Attack on an established institution

Sir, The politicians are at it once again — trying to do-establish yet another institution, namely, the Judiciary, as pointed out forcefully in the main editorial of The Daily Star on April 19. The civil service and the academia are in shambles; and moral guidelines