POINT ** COUNTERPOINT

IMF needs urgent reform



HARUN UR RASHID

ODRIGO Rato, the former Spanish Finance Minister of the recently ousted Spanish conservative government of Aznar, has been appointed as the Managing Director of the International Monetary Fund (IMF) and will take up the post this month. Rato, a lawyer by training, who was defeated in the March Spanish election, got a comfortable berth in the IMF with the full support of the US, the largest shareholder of the

As Rato will soon head the global financial institution, it seems appropriate to look into its performance during the last 60 years and its impact across the world, in particular in developing countries.

The institutional structure and voting power of the IMF has hardly changed during the last six decades. However, the philosophical underpinnings of the economic message of the IMF have gone through a fundamental transformation since the 1980s. Many observers believe that the IMF has become principally the mouthpiece of rich countries that espouse globalisation and free-market economics, irrespective of its dire consequences on poor countries. In Iraq, the recently proposed IMF

and import of goods with no taxes was reportedly opposed by Iraq's trade unions. However, the occupying power has enforced the economic agenda in the country. The former chief economist of the World Bank and the Nobel-prizewinning economist, Joseph Stiglitz, has been highly critical of the IMF policies towards poor countries. Many believe that if the US is serious about Iraq becoming a stable country, then the massive unemployment and "economic vandalism" backed by the IMF must not be imposed on the coun-

What was the purpose of the IMF?

The main purpose of the IMF is to ensure financial stability within the international monetary system through collaboration with central banks (eg Bangladesh Bank) of member-countries.

In 1944, the leaders at the conference publicly acknowledged the essons of the severe depression of the 1930s. The near-collapse of global capitalism had taught the world that preaching austerity and balanced budgets at all costs led to mass employment and the World War II. Germany suffered hyperinflation to the extent that German Mark dropped to 5 million to a US dollar. As a result, Hitler's party was able to get into the German parliament in 1932 with increased num-

The leaders turned to the philosophy of British economist John Maynard Keynes, who argued that global capitalism needed periodic state intervention to stay afloat. The IMF was created to put his theory into practice. IMF was set up as a result of a conference at Bretton Woods, New Hampshire in July 1944 together with the InternaDevelopment (commonly called the World Bank).

Only 44 countries attended the conference, as most of the developng countries attained political independence after 1945. British India was partitioned, and India and Pakistan became two separate independent states in 1947. In Africa, Ghana was the first African country to achieve independence,

assisted by the conservative world leaders, imposed on the poor countries a massive economic experiment. And the results are now visible between poor and rich

Poor countries hard hit by IMF policies

One result of privatization espoused by IMF is that the road to wealth -- the control of production, indebted nations by the end of 2000, most of them are in Africa. In Asia countries include Loas. Myanmar, Vietnam and Yemen. Out of these countries, only 24 countries may be able to get debtrelief from donor countries.

The countries that have most closely followed the IMF agenda suffer low economic growth and social instability. Russia followed the IMF's prescription during the Yeltsin years and Russian GDP and loans (d) decentralisation of research and the decision-making

Furthermore, changes in the roles and policies of the IMF should include contributing to strengthening national finance systems, encouraging measures to curb excessive inflows of short-term capital, co-ordinating macroeconomic policy and stabilizing exchange rates, discontinuing long-term lending and focusing on

Professor Amartya Sen, a Noblelaureate in economics, reportedly is of the view that the IMF must also reform and find a way around to give relief to poor people. Although he is a believer in the principle of the free market, he has clear qualifications about the desirability of applying it fully in poor countries. He thinks it "rather remarkable that some market enthusiasts recommend to the developing countries that they should rely on the free market even for basic education -- thereby withholding from them the very process of education expansion that was crucial in rapidly spreading literacy in Europe, North America, Japan and East Asia."

The IMF is one of the global nstitutions that not only lacks equality among its members but also transparency and accountability of its decisions. The first reform should take place in voting procedures. Many observers believe that the basic voting rights of developing countries should be increased, irrespective of their shares. At present at the IMF board that selects the Managing Director and takes decisions, Europe controls more than a third of the votes on the board while non-European countries except Japan command only a third of the votes. The US has a 17.4 per cent voting share.

As per a post-World War II agreement between the US and Europe, Europe will fill the position of Managing Director of the IMF while Washington will do so with the World Bank. There is no reason to restrict the search to a particular country or region. Japan is the world's second largest economy but its candidate is left out from the IMF or World Bank.

Furthermore, there is no discussion on the merits of the candidacy

of its Managing Director with other countries. Developing countries including Bangladesh have no role to play in the selection process. It seems that the medieval philosophy of Europe's "divine right" to head the organization is in place at the beginning of 21st century. In recent days, the outgoing Managing Director, Germany's Horst Koehler (who has been elected as President of Germany), came out against Europe's monopoly to lead the institution. He reportedly stated that he would "support an open and transparent process to select a Managing Director."

Conclusion

It seems that Rato is to acquire more power over the poorest people in the world than President Bush or any democratically elected eaders on earth. He has a responsibility to reach out to poor people so that the existing gross disparity between rich and poor countries is gradually eliminated through reforming of IMF policies. Poverty breeds hopelessness and despera tion that in turn lead to social chaos, often poor youths are lured by undesirable elements to commit crimes or even terrorist attacks.

We all hope Rato in cooperation with the industrialized countries will give a dramatic shake-up of the institution having taking into account of the systematic failure of its policies in poor countries. Do we expect too much from a person who firmly believes in market economy and was a member of the right-wing government in Spain? Let us wait and

had come to London on the invitation

of London Biswa Sahitya Kendro to

erform at a cultural event organised

by them. The main venue of Biswa

Sahitya Kendro's function was at the

Brady Centre, just off Brick Lane, where

patents, and technology -- is increasingly dominated by a few BOTTOM LINE

Clearly the policies of Keynes may not be appropriate today. But the IMF must return to the guiding philosophy of the founders that market can only thrive alongside a strong public sector and for welfare of the people government intervention and regulation may be necessary. The world's poor need desperately the IMF to distance itself from the market fundamentalists.

IMF policies hijacked

The institution operated successfully until the 1980s. During the 1980s, the IMF was hijacked by a group of market fundamentalists. Economists associated with rightwing British Prime Minister Margaret Thatcher and President Ronald Reagan were convinced that the Kevnesian vision had in fact been a 'socialist" nightmare, so they declared that a return to the philosophy of the 1930s was required.

Their theory has turned the IMF's purpose inside out. Instead of promoting government intervention to turn around slowing economies, the IMF made its loans to poor countries conditional on governments' agreement to slash public spending and privatisation of key services. This process is euphemistically called "structural

countries and multi-national companies. In such a scenario, developing countries with their weak economies are left sidelined, resulting in increased poverty among their people. For example, in Sub-Saharan Africa the number of poor increased to 46 per cent from 41 per cent between 1981-

The poor countries are unable to spend money on welfare of their people because of IMF loan conditions. The stark result is that 1.2 billion people live on less than a dollar a day. More than 2 billion people have no access to adequate sanitation. The top 20 per cent of the world's population consumes 85 per cent of the world's income. The bottom 20 per cent live on 1.3 per cent of the world's income.

The flawed policy of the IMF left many poor countries debt-ridden. There are 39 of the world's most life expectancy fell significantly below the levels of even the old Soviet Union. Countries with high growth rates today like Botswana booted the IMF out and pursued a sensible development policy on their own. In 1997, Malaysia under Dr. Mahathir Mohammad did the same thing. He did not listen to the IMF's advice to turn around the economic recession. And Malaysia did much better than those which followed the IMF's conditions for getting the loans.

Suggested reforms of the IMF

Many economists suggest that the so-called "structural adjustment" must have a human face. Their suggestions include (a) institutional reform of voting system to give greater voice to developing countries, (b) enhancing transparency and accountability, (c) radically downsizing or eliminating "conditionalities" for the lender of last resort function, and development of a mechanism for orderly debt relief. Some economists believe that

the US\$250 billion lent by the IMF during the last seven years to rescue countries from a variety of financial crisis may have created a hazard, convincing borrowers and lenders alike that they always would be bailed out. The IMF is too doctrinaire and many accuse that its policy is being driven by Wall Clearly the policies of Keynes may not be appropriate today. But the IMF must return to the guiding philosophy of the founders that

market can only thrive alongside a strong public sector and for welfare of the people government intervention and regulation may be necessary. The world's poor need desperately the IMF to distance itself from the market fundamen-

Barrister Harun ur Rashid is a former Bangladesh Ambassador to the UN, Geneva.

Things other than crises and politics for a change

SAGAR CHAUDHURY

ES, at times it may seem implausible or difficult to imagine, but real life is actually made up of ingredients other than, say, the continuing bloodbath in Iraq, speculations about the Labour Party's expected drubbing in the European Parliamentary and Greater London Authority elections on June 10 (although the incumbent Mayor of London Ken Livingstone, who has been wooed back to Labour, is widely expected to be a sure winner), Prime Minister Tony Blair's steadily deteriorating popularity, or the Conservative Party's fumbling attempts, despite Michael Howard's shrewd manipulations, to regain at least some of the glory they enjoyed under Margaret Thatcher. Incidentally, the major political parties contesting the June 10 elections are fielding, among themselves, no less than five British-Bangladeshi candi-

This week Britain, along with the rest of Europe as well as the US, celebrated the 60th anniversary of the D-Day landings on the Normandy beaches on June 6, 1944. Ten years ago, in 1994, the then German Chancellor Helmut Kohl chose not to attend the 50th anniversary celebrations because he could not bring himself to stand beside those who had inflicted such a humiliating defeat on his country. On June 6, 2004, as the French President Jacques Chirac hosted the main

international event at Arromanches codenamed the Golden Beach by the 1944 D-Day military planners -the current German Chancellor Gerhard Schröder sat next to the British Prime Minister, listening, and apparently agreeing, to Chirac's declaration that today's Franco-German relationship was an example to the whole world that "hatred has no future, that a path to peace is always possible." Many of the readers who have read the fascinating Diary of Anne Frank will perhaps remember the words written by the young Dutch girl hiding in an attic when she heard of D-Day: "It still seems too wonderful, like a fairytale, I may yet be able to go back to school in September or October.'

remembered the words, too, as he was speaking at a ceremony commemorating the American soldiers who had fallen on D-Day. Britain's Queen Elizabeth II was also among the seventeen Heads of State and assorted dignitaries present at the ceremony at Arromanches and stood, visibly moved, as members of the Normandy Veterans Association, mostly British ex-servicemen in their 80s and beyond -- many of whom are unlikely to be around for the 70th anniversary celebrations in 2014 -paraded past her. "I take it upon myself," she told the veterans, "to express the immense debt of gratitude we owe to you all. I salute you and thank you on behalf of our whole nation." Within Britain, the ceremonies were kept deliberately low-key,

The US President George Bush

LONDON LETTER

Britain's Queen Elizabeth II was also among the seventeen Heads of State and assorted dignitaries present at the ceremony at Arromanches and stood, visibly moved, as members of the Normandy Veterans Association, mostly British ex-servicemen in their 80s and beyond -- many of whom are unlikely to be around for the 70th anniversary celebrations in 2014 -- paraded past her. "I take it upon myself," she told the veterans, "to express the immense debt of gratitude we owe to you all. I salute you and thank you on behalf of our whole nation."

avoiding the pomp and splendour of Arromanches, but were poignant with personal pride and private grief. Apart from attending the memorial services held in places of worship and events arranged at the Gardens of Remembrance, the families and friends of the veterans who had travelled to Normandy watched the ceremonies there beamed live on television, while the kith and kin of those who are no more in this world prayed and grieved in private.

Another celebration

MASUD KARIM

I refer to the Baishakhi Mela that is held in London every May. This year's mela held on Sunday, May 9, organised by local, mainly East London's Bangalees. This fair was first held in 1998, so this year's fair is the seventh. From the very first year, the fair has been extremely popular not only among the Bangalee community in Britain, but has also generated immense interest among all

T is increasingly disturbing to

read the daily news articles on

grabbing wetlands (lakes, jheels, mangroves) and parks

especially in the large cities, cutting

trees and destruction of forest

reserve in the country. At the same

time, we are also reading news on

depleting groundwater aquifer in

Dhaka and other parts of the coun-

try and increasing risk of floods.

There is a strong relationship among these natural resources, I

wonder if either our policy makers

or the land grabbers and illegal

loggers have any idea how these

natural resources are acting as

essential components of the natu-

ral eco-system and maintain a

strong link among themselves. I do

not want to write a long story on

this topic, just to make it short, let

Wetlands are recognized as impor-

tant features in the landscape that

provide numerous beneficial ser-

vices for people and for fish and

wildlife. Some of these services, or

functions include protecting and

improving water quality, providing fish and wildlife habitats, storing

floodwaters, and maintaining

surface water flow during dry peri-

ods. These beneficial services,

considered valuable to societies

worldwide, are the result of the

inherent and unique natural char-

Functions versus values

acteristics of wetlands

me explain some of the basics:

Wetland

other communities, British and non-British alike, and has been receiving generous help and support from official bodies. Thousands of Londoners, as well as people from different parts of Britain, come to the fair and join the various events organised on the day. Hordes of Bangalees travel to London by car or coach from cities like Luton, Birmingham, Manchester, or, Sheffield, just as they do from farther away parts of Britain like Wales and Scotland, Urmi and I had gone to a small village near the pre-historic monuments called Stonehenge in Wiltshire for a short break during the Bank Holiday weekend in May. One evening we went for dinner at a Bangladeshi restaurant about halfway to the next village and were told by the Bangalee staff that they had closed the restaurant on May 9 so that they could all travel to London to be at the fair. At least some of those from Dhaka and

other areas of Bangladesh who might have been in England at this time of the year, have surely been to London's Baishakhi Mela and gone back after being a part of their native country's celebration on foreign soil.

This year's fair was organised by the newly-formed Baishakhi Mela Trust, comprising representatives of local artistes, business firms, and residents. Official and independent bodies like Tower Hamlets Council the Corporation of London, Cityside Regeneration, London Develop ment Agency, and London Fire Brigade, as well as the Mayor of London's office and the Metropoli tan Police, gave active help in making the fair a success. Those who have attended the fair in previous years know that on the morning of the day a colourful procession is taken out of Allen Gardens, situated in an area of East London now officially known as Banglatown, which makes its way along Brick Lane all

round the neighbourhood. This is the famous Brick Lane which is today called "Europe's Curry Capital" because it is the home of many of the most popular Bangladeshi restaurants in London. The fair is held along both sides of Brick Lane -- no vehicular traffic in allowed on this street and a few other streets in the vicinity at any time for the duration of

the fair. This year's fair also started the same way. As morning spread into midday and beyond, the streets began to fill with thousands of people -- at least 50,000 according to the organisers -- and eager crowds gathered before and around the stalls vending a great variety of fares, mostly offering a flavour of Bangladesh, including tasty, mouth-watering savouries and foodstuffs, even green coconuts and paanzarda. Regardless of sex, age, race, and colour, all enjoyed the fair to their hearts' content until the eve-

A cultural function presenting Bangla songs, dances and recitations was held on the main stage erected at Allen Gardens. Apart from many popular local artistes, Kumar Biswajeet from Bangladesh and Tajul Imam from New York performed at the function. Baul songs and Bangla folk songs presented by the last named artiste enchanted the audience. Tajul

the day-long events were inaugurated by Prof. Abdullah Abu Sayeed. At the Brady Centre too, Tajul's performance captivated all. A CD containing a collection of old Bangla songs sung by Γajul has come out a few weeks ago, which was on sale at the Brady Centre and it was totally sold out even before the evening's function ended. All said and done, this year's Baishakhi Mela in London has certainly been able to leave a lasting impression on everyone's mind and

heart, like in previous years, as a genuinely effective occasion capable of bringing people together, inspiring them to forget their differences, at least for a day. Well, that certainly is worth waiting for until next year.

Dr. Rubaiul Murshed

All health information to keep you up to date

Blood for blood

THEN you face a major road traffic accident, you often bleed tremendously and the most important and urgent need is 'blood'. There are a lot of severely injured trauma patients who die because of shock due to blood loss. In medicine, shock is a clinical condition in which the peripheral blood flow is inadequate to return sufficient blood to the heart for normal functions, particularly transport of oxygen to all organs. When serious accident victims arrive at the emergency department with severe blood loss, finding a blood type match can take up to 45-60 minutes on average, even in advanced countries. This could be the difference between life and death.

Some reputed centres in the US have started experimenting with artificial blood. There is reason to be proud that Bangladeshi scientists are involved in these new techniques. These centres are conducting trials of a new product which acts like real blood. It is a purified haemoglobin solution made from old red blood cells that fulfills a vital temporary role and buys valuable time. Doctors are anxiously waiting for this new scientific development; the expectation is that this invention will save the lives of many patients by immediately replacing blood that carries oxygen rich haemoglobin

Human blood is composed of cell-containing fluid or plasma in which there are red and white corpuscles, platelets, fat globules, and a great variety of chemical substances. Blood consists of about 22 per cent solids and 78 per cent water. It is pumped around our body by our heart and it travels through veins and arteries. An adult body contains something like 5-6 litres (70-80ml/kg of body ably start to die, and ultimately the patient expires. Let us hope that in the near future doctors will be able to stabilise these emergency patients and reverse the effects of shock by replacing lost blood from this new and readily available artificial source.

Quotation of the Month A man tọo busy tọ take care of his health is like a mechanic too

weight) of blood, all of which is endlessly pumping around our body. Its main purpose is to deliver oxygen to cells. When cells are deprived of oxygen they die, blood pressure drops, organs unavoid-

Wetland functions include water quality improvement, floodwater storage, fish and wildlife habitat, aesthetics, and biological productivity. The value of a wetland is an estimate of the importance or worth of one or more of its functions to society. For example, a value can be determined by the revenue generated from the sale of fish that depend on the wetland, by the

tourist visiting the wetland, or by public support for protecting fish and wildlife. Although large-scale benefits of functions can be valued, determining the value of individual wetlands is difficult because they differ widely and do not all perform the same functions or perform functions equally well. Decision makers must understand that impacts on wetland functions can eliminate or diminish the values of

Key to sustainable eco-system

Water storage

Wetlands function like natural tubs or sponges, storing water and slowly releasing it. This process slows the water's momentum and erosive potential, reduces flood heights, and allows for ground water recharge, which contributes to base flow to surface water systems during dry periods. It is not out of subject to mention here that in the last decade the country is suffering from severe groundwater shortages, especially Dhaka city's groundwater level is depleting at an alarming rate. In every dry season, most of the WASA pumps in Dhaka fall short of water to abstract and are unable to serve the city dwellers. Although a small wetland might not store much water, a network of many small wetlands can store an enormous amount of water. Most of the wetlands in Dhaka city are diminishing at an alarming rate (Gulshan and Banani lake. Dhanmondi lake. jheels in Rampura, Rayerbazar and all others). The ability of wetlands to store floodwaters reduces the risk of costly property damage and loss of life -- benefits that have

economic value to us. Water filtration

After being slowed by a wetland, water moves around plants, allowing the suspended sediment to drop out and settle to the wetland floor. Plant roots and microorganisms in the soil often absorb nutrients from fertilizer application, manure, leaking septic tanks, and municipal sewage that are dissolved in the water. Other pollutants stick to soil particles. In many cases, this filtration process removes much of the water's nutrient and pollutant load by the time it leaves a wetland. Some types of wetlands are so good at this filtration function that many countries around the world construct similar artificial wetlands to treat storm water and wastewater.

Biological productivity

Wetlands are some of the most biologically productive natural ecosystems in the world, comparable to tropical rain forests and coral reefs in their productivity and the diversity of species they support. Abundant vegetation and shallow water provide diverse habitats for fish and wildlife. Aquatic plant life flourishes in the nutrient-rich environment, and energy converted by the plants is passed up the food chain to fish, waterfowl, and other wildlife and to us as well. This function supports valuable commercial fish and shellfish

Conclusion

Having all these importance of wetland in preserving natural eco-system, is it too much to expect from the politicians and policy makers to strictly enforce the existing laws and deter the unscrupulous and uneducated land grabbers from encroaching these natural resources? We have to understand that the cycle of destruction is no way helping our natural environment to protect the eco-system. It is the mass population who will suffer including the land grabbers and the policymakers, in the dayahead.

Dr. Masud Karim is the Manager of Environmental Planning and Management, Engconsult Ltd. Canada.