

# Economic system failing the poor



HARUN UR RASHID

promote unrestrained markets and exploitation of natural resources and the net result is that it rewards selfishness and greed of individuals, while at the same time it increases disparity between rich and poor. The ardent capitalist advocate former British Prime Minister Margaret Thatcher went extreme in her views in supporting capitalism and once said that she did not believe in a society but only in individuals. Theorists surmise that Hongkong and Taiwan's economic success even led Chinese Communist lead-

ently spends US\$300 billion a year on subsidies and tariff protection for their farmers and US\$ 1,000 billion a year on military expenditure. Only 5 per cent of global military expenditure would be enough to halve the proportion of people who live on less than US\$ 1 a day, halve the proportion of people who are hungry and achieve universal primary education by 2015.

Under the free market policy, primary producers in developing countries get a fraction of sale price. For instance, an UNCTAD study

strong desire for economic growth (not necessarily economic and social development) depletion of natural resources is justifiable and that unsustainable productive activities are economically rational.

Environmental Science Professor Dexter Dunphy was of the view that human beings could not continue to increase consumption of resources at these rates. He further said:

"We are exceeding the limits of the world's ecology to supply human demands and generating wastes and pollution at rates faster

tural and economic betterment for poor people both in quantitative and qualitative terms.

Development can be measured by asking three simple questions, such as: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality among citizens? If all three of these have declined from high levels, then one can conclude that development took place for the country concerned.

Developing countries have,

strive for an economic system that will support its own social structure with equitable distribution of national income and express its values and culture.

## Why change is not taking place?

The current market capitalism arguably creates human misery on a vast scale and threatens values of humanity. It creates frustration, desperation and rage among the poor people. If so, why the system was not ditched years ago? The author argues that it serves the interest of the already rich and powerful. The author appears to be right that the system urgently needs to be modified in bringing equity to poor people. To support his view, on 3<sup>rd</sup> October, 2004, the World Bank's President James Wolfensohn scolded world leaders, faulting them for failing to make good on commitments to the poor and of holding regular Bank meetings that yield little more than praise and blame.

The author documents a range of ways in which various groups around the world have already begun to challenge and indeed replace the unconstrained market with a concern for quality of life and the integrity of world's environment. The author is very critical of the international monetary system and the role of commercial banks in making capital available to the community. The way the banking system is run is forcing people into debt. But it does not need to be that way and the author presents a range of options in which it could be different.

## Conclusion

Author's arguments are refreshing and compelling. They cannot be ignored, although many conservative economists may contest his presentation. This issue is too important to be left wide and let the robust debate begin to restructure the economic system with a human face that will benefit society.

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

## Winds of change over Kashmir

These augur well for all

**M**UCH as pundits might caution against too much optimism insofar as it relates to Indo-Pak issues, the recent pronouncements and acts by India and Pakistan centered on Kashmir give rise to hope and optimism.

Our optimism stems primarily from the move away by the two major contestants in the conflict from old positions marked by rigidity and inflexibility to a position that indicates freshness in their attitude to the whole dispute. Both have indicated a willingness to purge the burden of history by approaching the daunting issue with a positive frame of mind.

President Musharraf has shown courage and imagination in suggesting the three-phase formula on Kashmir. Indeed one has to be a very bold Pakistani leader to broach solutions to the Kashmir problem that are in marked contrast to its long established position on the dispute, which President Musharraf's recent formula purports to do.

And, unlike in the past, India has not rejected the proposal out of hand. In fact, Indian attitude to the issue has been reflected in the pronouncements of Mr. Manmohan Singh who displayed his flexibility on the matter by suggesting that no issue is intractable if approached with humanity and honesty. Withdrawal of Indian troops from some parts of Kashmir that commenced recently, its symbolism notwithstanding, reflects attitudinal change on India's part.

We in Bangladesh would like a quick and peaceful resolution to the entire issue. It must be remembered though that there are three parties to the conflict, the most important being the people of Kashmir whose unflinching support and wholehearted participation in resolving the dispute is indispensable.

We have no doubt that the leadership in both countries is genuine about peace. We are heartened that due importance has been given to Musharraf's suggestion on Kashmir because these are positive signals that must be built up on, if durable peace between the two countries is to be a reality.

No doubt any solution of the Kashmir dispute would require discarding the long-held positions of the respective parties. This is only possible through bold initiatives and statesmanship rather than narrow parochial short-sighted policies.

## Seizure of explosives again

The need is to get at the root of it

**T**HE seizure of powerful explosives from a compartment of a train in Gaibandha is the latest evidence of the presence of arms smugglers and illegal dealers in the country, who are apparently linked to religious extremists having a highly subversive agenda.

The seized explosives have been detonated by experts from the army and a disaster has been avoided. But the question is how many of such consignments of arms and explosives are actually detected and caught by the law enforcers? The danger of failing to prevent the materials reaching their ultimate destinations is a real one as has been borne out by the incidents of bomb blasts in the recent past.

The undercurrent of militancy in the name of religion is something that cannot be handled by merely saying that such problems do not exist in Bangladesh. The psychological barrier to accepting the truth is proving to be an insurmountable one. To hang on to the belief that Bangladesh being a moderate Muslim country could not be a breeding ground for any kind of extremism would be ostrichlike naivete. The discovery of arms or explosives could not greatly affect our essentially moderate image, but continual denial of the truth (with all its manifestations) might. Moreover, the extremists will feel safe if their presence is overlooked as a matter of policy.

The signals and signs cannot be ignored. There have been stories on arms and explosives hauls, training centres set up by extremist outfits in remote areas and also their *modus operandi*. But response from the law enforcers has not been effective enough to neutralise the threat these elements pose.

Tokenism cannot do with such a serious security issue as caches of arms and ammunition being discovered with a routine regularity. Obviously, the activities of the religious extremists cannot be countered only by arresting some people following an arms haul. Their entire organisational network must be unearthed and obliterated in order to stopping their subversive and destabilising agenda on the track.

**E**CONOMICS is often described as either a dismal science or a pseudo science and the economists are better at analysing what went wrong in the past, rather than forecasting future trend of economy. As the late BBC veteran commentator and writer Alistair Cooke said, economists are "varieties of necromancers". However, there are few books that set out clearly why modern economic system is not working for the poor.

Professor Geof Davies of Australian National University recently published a book titled

"Economia" (ABC Books). The book is of nearly 500 pages that cover much more than economics. The author has come to a conclusion that the prevailing unbridled capitalistic economic system that dominated the world after the collapse of Communism in 1990 has been working against poor people.

Nobel Laureate Professor Amartya Sen holds almost similar view when he states: "We live in a world incomparably richer than ever before... But ours is also a world of extraordinary deprivation and staggering inequality. An astonishing number of children are ill-nourished and illiterate as well as ill-cared for and needlessly ill... There is a need for change, a strong case for a far reaching re-examination of the institutional structure of the international world."

The fall of communism in Russia and in Eastern Europe has demonstrated that capitalism has come to stay as the norm for the world's market-economy. Most of the industrialised countries heavily

ership towards market capitalism. Some of its roads in the cities have their lighting festooned by advertising of foreign goods, like Pepsi or Volkswagen. The country is a huge production and consumption for many foreign brand-name corporations. And in recent months Chinese leaders amended their Constitution by recognising the ownership of private property. Membership of Communist Party is not barred to private and rich entrepreneurs.

## Effects of capitalism

Although it is possible to feed, clothe, educate, house and provide a satisfying life for all of the 6.3 billion people in the world with the existing world's wealth, the current vaunted economic system fails to provide for the most basic needs of poor people. Many economists argue that the capitalist economic system has widened the disparity between the rich and the poor. For instance, 1.2 billion people live on less than a dollar a day while 200 riches persons doubled their income to US\$ 1,000 billion in last four years.

The industrialised world pres-

found that share of cotton growers is about 6.4 percent of the final retail price of a ready-made garment. Furthermore, export marketing is controlled by transnational corporations and a study found that 85 percent of cocoa beans, 75 percent of bananas, 90 percent of tobacco leaves, 85 percent of tea, 90 percent of coffee are marketed by transnational corporations. There is a tendency among the corporations to lower price of raw materials and raise price of their manufactured products. These are some of the hidden impact of capitalism on poor primary growers in developing countries.

It is admitted that capitalism and free market economy lead to economic growth but at a great cost. The richer a country is, the bigger are the industries and the more natural resources it commands, the more pollution it generates. In the environmental area, the core technologies of the industrial age combined with a profligate use of natural resources threaten the viability of life on this planet. Advocates of capitalism suggest that given the

than the environment can safely absorb them."

Finally, a world of increasing poverty and inequality can also be a world of increasing instability and safety. Terrorism takes advantage of desperate people to follow desperate course set for them by fanatics. It seems logical that a sense of exclusion and marginalisation can give rise to resistance. Some 2,600 people tragically died in the September 11 attacks in New York. But some 26,000 poor people also died on the same day, around the world from starvation, unclear water and preventable diseases.

## Does economic growth lead to development?

Furthermore, economic growth does not necessarily lead to development. The problem of developing countries is not just economic growth but development. Development means dynamism; dynamism implies freedom, the freedom to create. Development means economic growth plus combating poverty, ignorance and disease. Development involves social, cul-

however, adopted as models the industrialised countries that eradicated these evils. Developing countries overlook poverty, suffering and injustice that accompany the early economic advances. Placing too much confidence in the "trickle-down effect" of economic growth, they take little direct action to raise the income and productivity of the poor or to promote a fairer distribution of national income. Furthermore insufficient attention is paid to the cultural dimensions of development and to cultural enrichment through mass participation. Uncritical imitation of Western models advocated by IMF/World Bank often leads to a failure to benefit to poorest of the poor, predominantly women and disadvantaged section of community.

Prof Dunphy's arguments are pragmatic rather than ideological. He contends that the existing global economic system is an expression of the spiritually impoverished materialism that has been allowed to dominate in day-to-day life. According to the author, each society and each community can and should

# Who is right and who is wrong?



MOHAMMAD BADRUL AHSAN

**W**HO is right and who is wrong? Come to think of it, this is the fight of all our fights. Different people inhabit different world and different ideas inhibit different minds. Ideas work like steam in a boiler, moving minds to move men, who argue and fight, often prepared to give their lives, to prove that others are wrong and they are right.

The ideal situation is to have a consensus, getting different streams of ideas come to a confluence. But that does not always happen in the real world. Ideas vary as minds diverge, and it puts people in conflict forever. In thirty years from 1618 to 1648, Catholic fought Calvinist, Calvinist fought Lutheran, Hapsburg fought Bourbon, nationalist fought imperialist. Germany lost eight million people to the cruelty of these conflicts.

So, ideas imprecate horror as much as they also incorporate bliss. People think before they act, even when they are acting in the most unthinking manner. Ideas often turn into impulses that sweep through the head like a raging storm. George Bush attacked Iraq because he got the idea that Saddam was hiding WMDs and abetting Osama bin Laden. British historian Thomas Asbridge writes

that during the First Crusade, Pope Urban II summoned the knights of Europe to this Christian jihad based on erroneous reports about Muslim atrocities in the East. History has been created by action as much as reaction.

But then both action and reaction happen at the ideas level. People throw their ideas like guns fire shots. These ideas collide, create tension, prompt action, fester conflict, and propagate enmity. A body of ideas taken together forms an ideology, which

alone. Diseases, pestilence and natural disasters must have claimed countless millions over the centuries. But ideas have been among the biggest killers of all times, perhaps the single most notorious killer in the history of mankind, if we leave out those deaths which did not happen in the hands of men.

Religion has been the longest standing cause of conflict amongst men. But it is roughly estimated that only two million people have died in the West, resulting from crusades, inquisitions and other religious

University writes in his upcoming book *Fighting for Christendom* that the knights of the West did not have any strategic or material interest to fight the Christian wars of the 12th and 13th centuries. They had invaded the Muslims of the East as startling testimony of the power of ideas. All the political upheavals, religious conflicts, social revolutions, personality clashes that turned the wheels of history for centuries, were actually rooted in the difference of opinion.

Thus ideas are important

In the same parlance, an idea is as sharp as its resolution, depending on the intensity of thinking composed of the dots of information compressed within the space of a particular conclusion. A hasty conclusion can be a precarious idea, because it may not have enough information to give the right picture. Again, a very late decision might miss the picture in the long haul for too much information.

Three things are important, when it comes to processing infor-

perpetuates itself like a downward spiral feeding on itself. That explains why people engage in wars from time to time, and sooner or later, history repeats itself.

Lady Bird Johnson, the former First Lady of the United States, once said: "The clash of ideas is the sound of freedom". Perhaps ideas need to clash to untangle concepts to foster understanding. People need to brainstorm, people need to discuss, filter thoughts and emotions before they draw any conclusion. Walter Bagehot, English economist and essayist, explained why that is not the easiest thing to happen: "One of the greatest pains to human nature is the pain of a new idea", he concluded.

Every day people go through that pain. They conceive, present, confront and defend their ideas, which lend essential voice to their existence. People must be able to think and express their ideas. But they would also like to see their ideas win, because man-made disasters are nothing but inordinate arrogance leading to conflicts.

"A stand can be made against invasion by an army; no stand can be made against invasion by an idea", Victor Hugo wrote in 1850s. All murders and mayhems, clashes and conflicts, vengeance and violence, hatred and hurting, wars and worries happen when people do not agree. We get peace, stability, harmony, love, scientific inventions, technological advancements, and era of goodwill when ideas prevail and everybody agrees.

By now you must be convinced that what lies at the heart of human dynamics is the age-old question: who is right and who is wrong? If not, you are wrong. You must be thinking you are right. See, it is already happening!

Mohammad Badrul Ahsan is a banker.

## CROSS TALK

"A stand can be made against invasion by an army; no stand can be made against invasion by an idea", Victor Hugo wrote in 1850s. All murders and mayhems, clashes and conflicts, vengeance and violence, hatred and hurting, wars and worries happen when people do not agree. We get peace, stability, harmony, love, scientific inventions, technological advancements, and era of goodwill when ideas prevail and everybody agrees.

becomes a political, religious or social programme, ushering in change. Take the 16th century for example when the world experienced profound liberation of ideas in science and religion. Copernicus reconfigured the universe, Vesalius re-examined the human body, and other scientific achievements re-evaluated man's spiritual state and his role in nature. The Reformation and the Renaissance, amongst many things, fundamentally redesigned man's relationship with God, cutting out the middleman, that is the clergy, by putting creature and creator in direct contact.

In the Middle Ages, the Black Death had reduced the population of Europe by 23 million. Nearly 70 million deaths have been attributed to tobacco in the 20th century

reasons. But look at the number of casualties in some of other man-made disasters. Second World War (50 million); Maoist Revolution in China (42 million); Mongol conquests (40 million); Chinese Civil War of the 8th century (33 million); and Stalinist Soviet Union (20 million). The list goes on with the Taiping Revolution (20 million); First World War (15 million); Russian Civil War (9 million); Thirty Years War (7 million); and the Napoleonic Wars (2 million). Alexander Solzhenitsyn gives the figure of 60 million people who supposedly perished in the camps and in the prisons under the socialist Soviet regimes in total.

Such a large number of people got killed simply because they could not agree with each other. Christopher Tyerman of Oxford

because they provide the impetus for human actions. But what is an idea? It is a conception existing in the mind as a result of mental understanding, awareness, or activity. An idea is when we see a flower, hear music, watch atrocities, feel love, show respect, anything that touches our heart, makes us feel, think and draw a conclusion.

The difference of opinion comes from the difference of conclusion. The way it works is like a camera, and the light passes through the aperture and the lens captures the image. But that is not enough. The resolution of the camera is measured in Megapixels, the higher the resolution, the better quality of the photograph, because it is composed of tiny dots and the more of these dots can fit in a one-inch space, the tinier the dots and sharper the image.

mation for sound ideas. A man needs knowledge, emotional balance and integrity, so that his ideas can be objective without any personal bias or intellectual flaws. Most ideas fail because they are impulsive by nature, compulsively executed by people with subjective agenda. Such ideas are more or less wishlists of selfish people, who may or may not see the whole picture.

Different people see different pictures, and that is how they are right and wrong. ID and superego drive them to believe in their respective pictures, and then ego does the hard selling. And this perpetuates like a vicious cycle, the picture adopted by one generation influencing succeeding generation when it has to adopt a picture in its own turn. That explains why hatred

## Still suffering

DOUGLAS CASSON COULTS

**M**ORE than three months past the first set of monsoon floods in July, a major report concludes that the needs of the people are still largely unmet and their hardship will last for many months to come. The floods washed away their homes, depleted their food stock, wiped away their small savings and made them more vulnerable to diseases and malnutrition. The misery and suffering now get even worse with the onset of the *monga*, or hungry season. Today, three months after the first floods, there are millions of ultra-poor, malnourished women and children who are going hungry.

Emergency Response (DER) Group made its second assessment of the needs of the affected communities in the most severely flooded districts of Bangladesh. It was a comprehensive and in-depth assessment, compiled by a team of about 80 field staff from 17 UN agencies and leading national and international NGOs. They used a mix of techniques, including focused group discussion and key informant interviews, to get an accurate and detailed picture of the needs. The importance of the report lies in its conclusion, which is that the majority of the needs are unmet. There are rice fields which will not be seeded, children who will not go to school, women and children who will not get the medication

So far Bangladesh has failed to get the appropriate support from the international community, many representatives of which have offices in Dhaka. This cannot be only because of Darfur competing for aid. The global community should be capable of responding to simultaneous natural disasters and humanitarian crises.

they need. The hardship is far from over.

All this echoes the statement by WFP Executive Director's (James Morris) on the World Food Day this year that it is becoming increasingly difficult to feed the hungry of the world and to reach out to people affected by tragedies less dramatic than the one unfolding in Darfur.

True, in Bangladesh people are not dying of starvation or forced to live in squalid camps, although initially millions had to take refuge in the flood shelters. But we have got to ask ourselves, what should people expect from their governments and from the world community? Should life be a struggle to get potable water, a secure roof and four walls, their children back in

schools? How does one define crisis and suffering? Do we want a world where the suffering and needs are calculated only in terms of deaths from hunger?

The range of coping strategies of Bangladeshis has been cited in many seminars, reports and speeches. The question again for us is -- are we justified in leaving these people to their fate because

we have assessed that they are coping? Yes they have managed to stay alive. But at what cost? They have not managed to secure their earning capacity to buy food or pay for the health needs, or stave off deepening debt. The headline news is that millions of vulnerable people have been pushed deeper into poverty. That's not very successful coping! All the agencies

working to achieve the Millennium Development Goals must sit up and take note of the probable impact of these floods and similar disasters on Bangladesh's progress towards the goals.

So far Bangladesh has failed to get the appropriate support from the international community, many representatives of which have offices in Dhaka. This cannot be only because of Darfur competing for aid. The global community should be capable of responding to simultaneous natural disasters and humanitarian crises. The poor response could partly be explained by the varying needs and concerns expressed by the government, the UN and other agencies, creating confusion among the donor com-

munity. The media too, at times, by overplaying the tragedy, may have contributed to the myth that the effects were less severe.

We should be more concerned about the flood's impact on communities -- especially the poorest -- than about quantifying the total damage to the infrastructure and economy. We have to look beyond the statistics -- at real people, especially the most vulnerable women and children. The DER report helps us to do that.

(The DER Post-Floods Needs Assessment Report is available online at [www.lcgbangladesh.org](http://www.lcgbangladesh.org).)

Douglas Casson Coultis is WFP Representative, Bangladesh.