

Foreign aid: Between rhetoric and reality

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AID is provided, especially to the least developed countries for ensuring their basic needs (food, cloth, house, education, and health) and also for the development of the infrastructure. Governments of the third world countries accept foreign aid to make themselves self-reliant. But actually they are being made more dependent on donor countries. It is true that through the Marshall Plan several European countries had been benefited, notably West Germany, Britain, and France. But the view of aid towards third world countries would not be like Marshall Plan. Rather aid have created an opportunist group who grab a substantial part of foreign aid and remain obedient to the donors. In political economy this group is known as interest group. Indeed donor countries interfere in domestic politics of recipient countries through allocating aid. There are other factors behind the scene of foreign aid, which are seemingly obscure.

With the end of the Second World War, the former European colonies in Africa and Asia became independent. Much as former colonial powers, Britain, France, Netherlands, Portugal, and Spain, were unwilling to give up their colonies, the reality of Second World War compelled them to relinquish their colonies. The impact of the war was formidable for colonial rulers in particular. Since their inception, the third world countries became dependent on western powers for economic help along with other assistance.

A substantial part of the aid which goes to third world countries is grabbed by the

Of course foreign aid is needed for the development of a marginal country. But its long time effect creates dependency of a LDC on donor countries, which is really detrimental to the economy of those countries. Long time dependency on foreign aid demolishes the potentiality of a country and cripples the domestic economy. Most of the third world countries are over dependent on foreign aid to keep their economy alive. Therefore this type of tendency has to change, besides third world countries have to practice real democracy and the governments have to be accountable and transparent. Finally good governance has to be ensured. If these could be possible, only then foreign aid would benefit the third world countries.

interest group. One survey shows that when the amount of aid is \$200,000, 50% of this aid is consumed by the bureaucrats; when it is \$20,000,000, 25% of this amount is grabbed by bureaucrats and ministers; and when it is \$200,000,000, along with bureaucrats and minister, the prime ministers consume 25% of that aid. Besides this, foreign advisors to aid projects are also greatly benefited, as the aid is conditional. For instance, in Bangladesh a foreign advisor of a government project got \$100,000 per year. In another instance, every foreign expert employed on a flood control project in Bangladesh financed by World Bank and UNDP, were to get \$20,000 per month whereas a Bangladeshi expert only \$1,500.

Most intellectuals, and some policymakers, do not believe foreign aid is effective. Support for aid declines when incidences of corruption in the distribution of foreign aid are reported in the media and when evidence surfaces that aid is not reaching the neediest people. The reason behind this is obviously state corruption. One report shows

that interest groups in third world countries consume a substantial part of the foreign aid. Bureaucrats, ministers, and even the state premier are members of the interest group. Most often, in third world countries, we see the relatives of the high ups are also part of interest group that consumes illegal convenience from foreign aid.

Other issues often complicate foreign aid funding. Policy-makers of aid giving countries often attach conditions to aid directed toward a particular country. For example, they may require a country to report on human rights conditions, or they may cut aid for certain groups in a country. In addition, divisive domestic issues such as population control and abortion have increasingly entered the debate on foreign aid. For example, policymakers of some aid providers passed several proposals in the early and mid-1990s to restrict foreign aid to organisations in the recipient countries that support abortions. Moreover, sometimes the recipient countries have to make promise to the donors about

some measures, which are really detrimental for their domestic economy in the long run. As such, cutting of tariff and reduction of non tariff barriers are the most crucial condition, which are imposed on the recipient country. This condition not only reduces the income from duty but also destroys local industries, because local industries cannot compete with foreign companies for the quality and price of their alternative products.

In the case of Bangladesh the bad impact of foreign aid is quite frightful. If we analyse the history of those who became millionaires in the past two decades, we will find that their properties are not hereditary, they became rich under the aegis of state policy and with the blessings of foreign aid. Some 100 families possess about 85% property in this country. They are also the largest loan defaulters. That opportunist group does not invest in the productive sectors, but in those sectors where they can earn more profit though it is detrimental to the economy. Moreover, they are laundering money abroad cumulatively.

Since the past two and half decades the cumulative budget deficit has been recovered by cumulative foreign aid. Therefore dependency of the economy of Bangladesh is increasing gradually.

For annual Development Program (ADP) and import, Bangladesh substantially depends on foreign aid. Since our inception, the contribution of foreign aid to ADP is 50% on an average. The bulk of the aid was definitely as loan. So the debt crisis of Bangladesh is bad. The figures reveal that the poor people have been deprived gradually since the emergence of Bangladesh.

Debt relief is one of the burning issues in recent days. It first came up for discussion when the donors considered exempting the debt of 18 African countries of some \$40 billion. All of them are African ultra-poor country. But unfortunately along with other Asian countries, Bangladesh has been excluded from the list. The G-8 summit, which was held in July of this year, took initiatives to remove poverty from Africa. The G-8 member endorsed some \$50 billion as economic aid to alleviate poverty from Africa. For the first time developed countries have taken such a grand project for the poor countries. But Africa is not the whole world, there are some other countries who are really poor and for whom these type of initiatives are very much imperative, such as Bangladesh. There is another matter of concern, to make aid more effective and purposeful good governance and balanced distribution have to be ensured, otherwise the goal (poverty alleviation) will not be achieved. Of course foreign aid is



needed for the development of a marginal country. But its long time effect creates dependency of a LDC on donor countries, which is really detrimental to the economy of those countries. Long time dependency on foreign aid demolishes the potentiality of a country and cripples the domestic economy.

Most of the third world countries are over dependent on foreign aid to keep their economy alive. Therefore this type of tendency has to change, besides, third world countries have to practice real democracy and the governments have to be accountable and transparent. Finally, good governance has to

be ensured. If these could be possible, only then foreign aid would benefit the third world countries.

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Book Review

An Introduction to Peace and Conflict Studies

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Published by University Press Limited, 61, Motijheel C.A., Dhaka 1000

The world including the Asia Pacific region has experienced a lot of violent conflict since the Second World War. The challenge facing all of us is how to ensure that the armed conflicts do not recur.

How do those of us living in the Asia-Pacific region ensure that there is more structural stability than instability and more peace than armed conflicts at local, national, regional and global level.

The First World War killed 15 million people, the Second World War 45 million people, half of them were civilians. Vietnam War killed 3 million Vietnamese including 58,000 US soldiers. The Iraqi war caused unnecessary deaths of 100,000 Iraqis and is continuing.

The book, written by former Bangladesh Ambassador Harun ur Rashid, is a valuable contribution to the study of peace and conflict. Since peace and conflict studies encompass vast territory, the author has introduced major topics related to the peace and conflict studies in the book. Enough reference materials are given in the book so that readers can further look up, if necessary, to examine specific subjects of peace and conflict.

The author discusses the causes of conflict and how peace should prevail and under what conditions. Peace is much broader in concept than that of merely absence of war. He has discussed peace through various lenses.

The first is through the development and security or development and peace-building lens. How do we ensure "freedom from fear" and "freedom from want" in the pursuit of global peace. The author examines what kinds of institutional arrangements that are likely to generate participatory politics, human security and non-violent management of conflicts.

The second lens emerges how the UN can prevent conflicts through its preventive diplomacy. The UN's role has been discussed in the book from this perspective.

the management of conflict (if conflict resolution is not possible) through regional organizations. How can the regional organizations in collaboration with state parties perceive the early warning of conflict?

Finally, the fourth lens is to ensure the stability in political, economic and social systems in the country. Internal fissures are more threat to a nation than external threats. National wealth of a country needs to be equitably distributed among all sections of community in the country for cohesive society.

It is refreshing that the book looks at peace and conflict from a broader point of view and examines such issues as, economic growth and development, public policy, diplomacy, human rights, disarmament and peace movements across the world.

The book has 18 Chapters. The first few chapters discuss the theoretical underpinnings of peace and conflict. Next five chapters examine the causes of conflict including rise of fundamentalism in all religions. The last chapters look critically at broader issues such as, state-sponsored violence, arms race, role of regional institutions and the UN.

The author argues that peace, based on justice, rests on economic growth, sustainable development, respect for the environment, good governance, elimination of initial signs of instability in the country and mutual respect among states on the principle of equality and rule of law.

The author brings his own diplomatic experience in discussing peace and conflict issues. It is a helpful book in getting a picture of causes of conflict, international security, modes of conflict resolution, and emerging peace-building approaches, with specific reference to South Asia.

The book will be of value to students, diplomats, journalists and readers who are interested in this vital topic and deserves to be in the bookshelf.

An Introduction to PEACE AND CONFLICT STUDIES

Harun ur Rashid

Indo-US nuclear deal: A new strategic partnership

RESHMI KAZI

INDO-US relations have come a long way since the Pokhran blasts of May 1998. In the aftermath of the tests, bilateral relations had taken a nosedive followed by a prolonged period of sanctions. The recently concluded Indo-US nuclear deal has raised the hope of cordial ties. In the joint statement released on 18 July 2005, Washington has pledged to encourage civilian nuclear commerce with India. India has agreed to adopt several measures to strengthen its commitment to the non-proliferation regime. However, the non-proliferation votaries have raised several objections over the nuclear deal in the US.

In the full committee hearing, India has been exhorted to halt further production of fissile material for nuclear weapons. The aim is to integrate India into the non-proliferation mainstream. India has been consistently moving in that direction. Immediately after the 1998 tests India declared a moratorium on further tests and adopted a NFU policy. India also agreed to work towards the establishment of an effective FMCT. It demonstrated its commitment to the non-proliferation regime by passing the WMD Bill in May 2005. India has an exemplary record of preventing unlawful trafficking in nuclear weapons and technology.

On the issue of declaring a moratorium on the manufacture of fissile materials, it is certainly not in India's interest to terminate its nuclear weapons programme, especially when it has two nuclear-armed neighbours - Pakistan and China - on either side of its border. The clandestine nuclear proliferation that exists between them cannot be disputed. India has an autonomous capability to produce nuclear weapons. To place all our facilities under international safeguards would jeopardize India's security interests.

US official Nicholas Burns has set pre-conditions for India to separate its civilian and military nuclear facilities before the US

administration effects any legislation to implement the nuclear deal. This is in complete variance with the understanding reached between the two democracies in the joint statement. The separation of civilian and military nuclear facilities will be conducted in a credible and transparent manner and it shall be the sovereign right of the Indian politico-defence and scientific establishments to decide which nuclear facilities shall be within the purview of civilian sector and to designate the rest as military. That is the Indian understanding.

Over the last fifty years, India has persevered in maintaining an impeccable non-proliferation record. It never had any problems in placing civilian nuclear power reactors under the IAEA inspection system. In 1993, Tarapur was voluntarily placed under such inspection when our treaty obligations had expired. India has also put two Russian supplied reactors near Chennai and the Kota reactors under IAEA safeguards.

US experts have accused India of being a horizontal proliferator of nuclear weapons that has shown other states how to proliferate despite stringent international sanctions and export control regimes. They have also questioned how many nuclear bombs India will need and have expressed concern that India might use US-supplies for nuclear weapons production. India has never been a horizontal proliferator of WMD. On the contrary, it has remained a sovereign independent nation in the face of crippling sanctions and export controls and steered the nation out of an economic apocalypse.

India is the largest democracy in the world that requires nuclear energy for its development. With US assistance, India can attain 8 per cent economic growth over the next decade. The military nuclear project is only a component of its larger nuclear power programme. Its goal is to secure our national interests and safeguard our development. The

cardinal principal of India's nuclear doctrine is a minimum credible deterrent. It is not possible to fix the exact number of nuclear bombs that India will need. But we assure the world that India will have only as many bombs required to combat our adversaries effectively.

India has a distinguished history of a non-proliferator. Its nuclear philosophy is premised on the idea of global disarmament. Even after acquiring nuclear capability, India has refrained from using it as a lever to perpetuate a multipolar world system. Hence, it is unreasonable to set any difficult pre-condition on India as a trade-off for the nuclear deal. India will never be a supplicant of the US. If the deal is scuttled, Washington stands to lose a lot. It loses a new strategic partnership with India, which is now emerging as an important power in global politics. It stands to lose control over a burgeoning market of one billion people. The nuclear deal would also be beneficial to the US, and be an incentive to North Korea and Iran to realize the benefits of adopting the path of non-proliferation.

The Americans must realize that India's nuclear genie cannot be capped. The greatest difference between the years 1997 and 1999 is May 1998. We are now a legitimate and responsible nuclear power which can play an effective role to win the global war on terrorism, prevent the spread of WMDs and enhance the prospects of peace, stability and democracy in Asia.

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