

REVIEWS

Aid to Bangladesh: For Better or Worse?

An Interview by Michael Scott.
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The problems of Third World debt and the debate on 'Foreign Aid' have become a crucial component of current rethinking on development issues and engaged the attention of many an important forum and academic over the last decade. Many stimulating assessments on this subject have emanated from the aid-giving countries in the western world. Generally, the assessments of those who have been disillusioned regarding the use to which this "aid" is being put and the ultimate impact it would have on the recipient countries has roused most of the debate.

Several of the more noted published studies on Western Aid by Western analysts have characterised this "aid" as "imperialism" in a new garb. For instance, Teresa Hayter—"Aid as Imperialism", 1971, Michael Barratt Brown—"The Economics of Imperialism" 1974, C. R. Ninsman—"Rich against Poor 'The Reality of Aid'", 1974, Cheryl Payne—"The Debt Trap; The IMF and the Third World", 1974, W. G. Zeylstra—"Aid or Development? The Relevance of Development Aid to Problems of Developing Countries", 1975, and Frances Moore Lappe and Joseph Collins—"Food First, Beyond the Myth of Scarcity", 1978, have all roused heated controversy on this issue. Michael Scott's contribution is yet another addition to this genre and in fact attempts to give more concrete form to some of the issues raised by Lappe and Collins in "Food First". (Readers may recall our interview with Joseph Collins, in the *Economic Review* of January 1978 in which he argued strongly that there is no such thing as an absolute scarcity of food in this world. He was then in Sri Lanka researching for his book "Food First").

The Institute for Food and Development Policy (IFDP) has been a relentless campaigner against the star-

vation and malnutrition that the majority of mankind in the 'poor' world has to face in what the IFDP has described as "a world of plenty". It has fervently maintained in its earlier publications too (e.g. Food First), that the bogey of scarcity and too many people is being waved like a wand to conceal the real issues in the world food situation and only to endanger fear and guilt, and even despair, among both givers and recipients of aid.



A typical example of this approach of gloom are those of the Washington based International Food Policy Research Institute (IFPRI) estimates of the projected food deficits in three of the most populous nations of South Asia. In the case of Bangladesh these projections foresee the present 7 percent deficit rising upto 35 percent of consumption requirements by 1990—a bleak picture indeed.

"Aid to Bangladesh" the IFDP's most recent publication which deals with the biggest food aid recipient

in the developing world, is a vivid illustration of the point that the cries of scarcity help to conceal the real issues. More important is the publication's timing which comes at a moment when the annual quantum of aid to Bangladesh has over-shot the US dollar 1 billion mark (aid commitments are projected to reach \$ 1.6 billion in 1979) and the number of international organizations, including missionary societies, stepping up their activities here have reached, nearly 150. Overall foreign assistance to Bangladesh accounts for nearly one-half the government's budget, four-fifths of its development budget and almost 10 percent of the country's Gross National Product. These figures make it evident that aid has become a major determinant of development in Bangladesh. Despite the growing aid commitments the standard of living in every one of the 68,000 villages in Bangladesh is reported to have fallen year after year since the early 60s. Reports reveal that the real daily agricultural wage has dropped from 2 taka to 1½ in the decade upto the mid 70s. An evaluation by the country's Planning Commission has shown that rural unemployment, landlessness and other overall hardships have gone from bad to worse... Nearly ½ the families in the countryside are landless or near landless (owning less than 1/5 of a hectare), is the grim record quoted in an editorial of the *Madras Hindu* of Nov. 2, 1979.

For many, Bangladesh is synonymous with poverty says Scott in his introductory comments and then adds a "But..."

"Bangladesh is the fourth largest agricultural society in the world: 90 percent of its 83 million people are rural and 80 percent depend directly upon agriculture as a livelihood. Only China, India and Indonesia have more peasants. Although Bangladesh has 63 million peasant farmers, at least 40 percent are landless. This stark fact helps explain the elemental paradox of why, in a rich land inhabited largely by farmers, 60 percent of the people are malnourished in good years and many starved in bad years."

Food Deficits in the South Asian Area

	Actual (1975)		(Projected (1990)	
	Million tons	% of consumption	Million tons	% of consumption
India	1.4	1	17.6—21.9	10—12
Bangladesh	1.0	7	6.4—8.0	30—35
Indonesia	2.1	8	6.0—7.7	14—17

Source: IFPRI (Quoted in *Far Eastern Economic Review*, Oct. 26, 1979, p. 90)

The fault lies not with the unfortunate peasants of Bangladesh. Scott insists that the media-generated public images, fostered by crisis-oriented interests through appalling statistics, are only part of the picture. Projected almost daily through the World media is this pitiful picture. Most recently we had such a sketch by Kevin Rafferty, writing in a supplement on Bangladesh in the London *Financial Times* of December 14, 1979:

"By any token Bangladesh has a sickly economy. An overwhelming 90 percent of the population is rural. It is pitifully poor—with total gross domestic product of less than \$70 bn., and this for the eight most populous country on earth with 88 m. people."

"Its industry is small and basic—about 10 percent of GDP. Its exports are paltry—just over \$600 m. a year, with imports of two and a half times as much... The rice is not enough to feed the present population, per capita income might be put at about \$100, but that is really only an index of a widely-varied form of deprivation."

A less known fact, however, maintains Scott, is that "Bangladesh has the human and natural resources to meet its basic needs.....with a people very energetic, engaging and attractive, a far cry from the way they are presented to the West".

Why then do people starve, asks Scott. To him the answer lies simply in social causes not in the technological or resource problems: "Those who starve are the poor who do not have access to the country's resources".

The question Scott seems to ask in this 28 page publication, is "Are we in the rich world helping or hindering progress of the poor". His rhetorical answer is that "the first step towards helping the poor is to stop hurting them".

This publication is written in the form of an interview conducted by Michael Scott of Oxfam—America with a development expert in Bangladesh. Scott, who no doubt is well acquainted with conditions in Bangladesh, gives the development worker the fictitious name of Pamela Harrison in order to protect her; but it is apparent that she has had close contact with the people in Bangladesh and a first hand experience of living and working at the grassroots level in both rural and urban areas of the country.

Though a comparatively brief treatment of a complex issue, the author's

force of argument comes out clearly in his treatment of the subject of "Food Aid". To the question of how the massive amounts of food aid from the U.S. and other countries helped the rural poor of Bangladesh this 'Food and Development' worker states categorically:

"Very little food aid finds its way through the ration system out to the countryside. And not very much of it finds its way downwards, although some of the skilled working class may have access to ration cards. It's largely an instrument for generating a lot of revenue and for providing cheap subsidized food to the urban middle class, particularly the army, police and civil servants. All the food the army eats comes through food aid. Food aid is not intended for poor people. It's designed as a revenue earner and as a means of insuring political stability... The volume of food aid and the way it is distributed don't seem to have very much to do with the food situation of poor people in Bangladesh".

Meanwhile he focuses on the adverse impact of food aid when he goes on to urge that this aid is basically a creator of stagnation.

The point Scott is striving to make is that much of this "aid" serves to support the forces that generate hunger in Bangladesh. He illustrates thus, how these interests (e.g. aid administrators and other power holders) benefit at the expense of those for whom this "aid" is most meant.

"Food arrives and they carry out their plans. So not only do they get the benefit of improving their land and their friends land, but also there's tremendous scope of using the power of patronage that it gives them. And also, of course, there's the possibility of diverting some of the resources without doing any work at all, which also happens to a large extent..."

... So food aid is a very important part of lubricating the system and of maintaining this strong relationship between the central government and the local level power holders. If the government wasn't able to deliver these kinds of things there would be much less incentive for these people to support it".

He makes it clear that it is the farmer in the donor country and the urban consumer in the recipient country who benefit most and at the expense of the rural peasant and farmer in the recipient country. The fact emerges that though food aid coming in, in this manner, may provide immediate relief to at least sections in the recipient countries, it certainly is not in the interests of these developing countries to rely on food aid on a continuing basis.

Scott also emphasises that this form of "aid" only deepens the dependency relationship of the recipient on the donor. To cite one instance, he states:

"The degree of dependence is such that the situation frequently arises where institutions like the World Bank and Asian Development Bank, claiming to respond to requests, actually send missions here to find things to fund. They write the project applications and take them to the relevant ministry. If the proposal is not accepted, serious pressure is applied... unfortunately for Bangladesh it has grown so dependent upon foreign aid that it is even more vulnerable than most underdeveloped countries to the dictates of donor countries and their agencies."

LOSP

As part of the Food Aid effort for Bangladesh, donors have also displayed their intentions to help in stepping up of local food production through assistance in the form of machinery and equipment. But here once again Scott is convinced that it is meant to serve the objectives of the donor and at the expense of the recipient. He says: "There are the most naked economic reasons for this. In some cases it's actually profitable for the country to donate the initial equipment, such as large rice mills or pumps, which have high spare parts requirements and high spare parts costs. Assuming the machinery runs at all, costs are recovered within a short time by supplying spares. The machinery probably won't run for long because of a terrible disease which attacks machinery in developing countries "LOSP"—lack of spare parts.

"Foreign aid is usually a subsidy from the people of Japan or United States or Germany to the companies in their own countries which make the milling equipment or the pumps. The aid enables the companies to provide very cheap or free equipment to Bangladesh and then make very big profits on the spare parts. It's basically a transfer of funds from tax-payers in the developed countries to private companies in the developed countries, passing through, Bangladesh as it were. Bangladesh is almost incidental to the process. It doesn't really matter what happens here. There has to be some kind of rationale for this aid, but it's really a side issue. The people who do this kind of thing fly in for two weeks, have a quick look around, and get enough to write the report and go. All decisions are made elsewhere".

The tragedy appears to be more in the situation of dependency than anything caused by droughts or famines

or malnutrition. Scott thus goes on to argue "such a huge amount of money in such a small undeveloped economy really dominates the whole scene. The government is looking much more over its shoulder towards London and New York than towards what happens in Bangladesh. It can control what happens here fairly well, upto a point, but if anybody pulls the plug on food aid then it is finished tomorrow. So it really is a very dependent situation..... At the moment, I think it's important to try to limit aid as much as possible. I don't think it's feasible to stop it, for two reasons. One is that there are too many vested interests involved. A lot of companies make a lot of money out of this and it creates a lot of employment in Europe, the United States, Japan, and for all I know, in the United Arab Emirates. As well as foreign vested interests, there are vested interests within Bangladesh. For example, most of the people you see owning houses around here make money in the import-export business which is all tied in with aid. That's the way to make a lot of money fast. The second reason is that most people in the donor countries really believe that aid is helping poor people".

His conclusion is pithy and clear.

"It's really essential to have a very deep understanding of how the whole system is functioning because it's not as simple as a photograph of suffering people or of a claim that by providing something you help someone to grow more food. It really isn't like that at all.

... Bangladeshis live and work in a monetary economy. They live and work in a rural power structure which makes them relate to each other in certain ways and means that some people benefit disproportionately. That structure relates to a national government, which in turn relates directly to other national governments who are much more powerful and who manipulate the situation. I think that it's really very important to try and grasp the nature of the way the whole system is operating because without knowing that, by tinkering with one little bit of it, you may even make things worse than they were before".

The final impression Scott intends to convey is that through such "aid" programmes, the "aid givers" are supporting a social order which condemns millions to needless hunger and are keeping these people away from the day that they could end their dependence.

In his sketch of Bangladesh, Scott also portrays many situations paralleling those that exist in other Asian urban centres. For instance, conditions where the heavy foreign resources coming in are creating a climate which certain sections are using to their advantage.

"You can see the building going on here—it's really fantastic. People buy land at knock-down prices before the new housing area is declared. They get very low interest loans from the government housing corporation to build and they then rent it out at huge profits to foreign aid organizations. And that's the way a lot of the country's resources are being used. There's a construction boom in Dacca. At the moment a group I know is working in this slum with very poor people and can't get any labour to do the levelling work on the site because there is so much building going on".

There is an acute shortage of technicians of all kinds, especially fitters, welders and mechanics. He says they have all gone to the Middle East. A visit to any major industry will show how much of their skilled manpower is now lacking. Many people don't seem to realise that this "aid" situation is not in their best long-term interests. As Scott explains, "Maybe, in certain circumstances, aid is useful to people who get it. Financial arrangements can be beneficial to both parties, but they are not beneficial in situations of unequal power. Aid is a financial transaction and it has political and economic objectives. The way it is at the moment I don't see that humanitarian issues come into it at all. I don't know if they ever will... The problem here is that the imbalance of power is so great that very few people can see what's happening."

Had Scott recounted more directly the experiences of the affected people themselves or documented their views he certainly would have added greater credibility and strength to the basic contention in his book. Perhaps his format of a dialogue has restricted his scope or is this aspect being left for treatment in the IFDP's forthcoming publication "*Voices from a Bangladesh Village*". The subject in itself is so vital to the developing economies and debatable that it is deserving of a far greater in-depth treatment than a mere twenty-eight pages as the argument

tends at times towards generalisations and broad opinion.

Scott confesses in his foreword that it wasn't possible to be "exhaustive or definitive" since he was exploring a wide-ranging set of issues, which in this publication are divided into broad sections such as Food Aid; Appropriate and Inappropriate Technology; Road Construction; Military Aid and Disaster Preparedness; Migration from Bangladesh; and Why Bangladesh? The treatment inevitably revolves round Food Aid and the food situation while he merely skims the surface of the other issues listed here. But even on the food situation the concern appears to be more with the urban elites and other power holders who enjoy the spoils of this international charity and rarely does he go down to the impact on the simple rural folk who could possibly be taking their deprivation and underdeveloped state very much for granted. The concern is evident, however, that the incentive to pull themselves out of the mire does not seem to be coming their way with 'aid' as the major obstacle.

There is little controversy now on the need for enhanced transfers of foreign exchange resources to finance the development efforts of Third World countries, the issue lies in how much and how best in their interest these recipient nations can absorb such foreign resources. The fact remains that Bangladesh will continue for quite some time to be heavily dependent on foreign resources in the form of both commodities and finances for projects and much of this will have to come in the form of "aid". The value in a book such as this is that it will at this juncture give the authorities and its other readers in Bangladesh, or those in any other aid receiving country for that matter, the incentive to assess the quality and impact of foreign aid on the long-term objectives of their development effort.

—Chrys Gneratne