The social impact of the Asian economic crisis

♦ Features
The Asian crisis — Causes and dynamics; Rethinking IMF policy; Social impacts in Indonesia; Impacts on rural women workers; Indonesia’s family planning programme; Thailand’s economic crisis — A failure of development; Declining health in Mongolia

♦ Viewpoint
The scandal of Third World debt

♦ Update
Educating child labourers in Bangladesh; Evaluating case studies in community development
The Network

The Australian Development Studies Network seeks to provide a forum for discussion and debate of development issues, and to keep people in the field up-to-date with developments, events, publications, and so on. The Network does this through its publications programme and by conducting or co-sponsoring seminars, symposia and conferences. The Network produces two regular publications.

*Development Bulletin* is the Network's quarterly journal. It includes short articles (normally 1,500 to 2,000 words); conference reports; announcements of forthcoming events; details of courses, research and work related to development or development studies; project reports; and information about development education materials, recent publications and other news.

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If you have information you wish to share with others in the development field, such as conference announcements or reports, notices of new publications, interesting items from the press, information about the work of your centre or courses you offer, or you wish to respond to articles or *Briefing Papers*, please write to the Editor.

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The social impact of the Asian economic crisis
Discussion Series

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Carolyn L. Gates

Rethinking IMF policy in the wake of the Asian economic crisis
Martin Khor

The Asian crisis: Symptoms, diagnosis, implications
D.M. Nachane and Ajit S. Bhalla

Mongolia: Declining health and welfare in the post-transition period
Christine McMurray

The social impact of Indonesia's financial crisis
Peter van Diermen

The social impact of the economic crisis in Indonesia
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The impacts of the Asian crisis and associated IMF initiatives upon rural women workers in Indonesia
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Indonesia's family planning programme: Swept aside in the deluge?
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Editors' notes

This issue of Development Bulletin marks the end of the Australian Development Studies Network, but not the end of the Bulletin or the services the Network offers. After 13 years, it is time to restructure and refinance. It is time to rethink our priorities and to shape a new vision for the future.

Over the last 13 years we have been based at the National Centre for Development Studies at the Australian National University and heavily subsidised by AusAID. This has made it possible for us to provide inexpensive subscriptions and to offer widespread access to our services to students and to those in poorer countries in the region. We believe that both NCDS and AusAID have benefited from this relationship. We would like to thank AusAID for their support over the years.

To the large numbers of our members who wrote to the Minister for Foreign Affairs and Trade on our behalf—thank you. His response, while acknowledging the value of the Network, made it clear that we cannot expect further government support through NCDS, although other avenues of funding may be worth exploring in the future. Meanwhile, the Network must do what many other small organisations are being required to do—find ways of becoming self-supporting. This will mean, inevitably and regrettably, increasing our subscription rates. It also means that we will be offering advertising space in the Development Bulletin at very reasonable rates, and we will be seeking sponsorship from the many development organisations, institutions and private companies who have benefited from the Network’s services over the years.

Our small team here is positive about the future and is looking forward to developing the Network’s services to reach an even greater number of people throughout Australia and the region. We will of course keep you informed of our social and economic development and of our new home.

The social impacts of the Asian economic crisis

Development debate over the last six months has focused on the causes of the Asian economic collapse and its possible impact on the global economy. The situation has reversed past improvements in health, education and environmental management, and has postponed indefinitely the likelihood of alleviating poverty. In this issue we have asked financial analysts, geographers, political scientists, demographers, economists and agriculturists to comment on the social impacts of the crisis, where these are occurring and how they might best be met.

Update

The Update section of this Bulletin includes discussion of how best to support child labourers who have been retrenched. Shahjahan Hafez Bhuiyan and Niaz Ahmed Khan review an innovative education programme for child garment industry workers in Bangladesh. Gordon Knowles evaluates a number of community development programmes funded by AusAID and The Salvation Army Australia and presents the lessons learned.

From the field

A team of behavioural scientists working on an Australian–Thai project take a timely look at new approaches to social management of economic crisis, and Maryke Hoeksma, Kathryn Gow and Maria Finlay examine the cultural and organisational factors needed to implement microfinancing projects in Vietnam.

Network staff

Sally Oliphant is leaving the Network. She has been a very valuable member of our team over the last year. We wish her well in her new job and in finishing her PhD thesis.

Pamela Thomas, Sally Oliphant and Mary-Louise Hickey
Social impacts of the Asian economic crisis

It began with a forced devaluation of the Thai baht which led to a downward economic spiral throughout much of Southeast Asia. The situation now threatens to bring about a global economic recession. The causes of the economic collapse have been the subject of intense debate and speculation. The likely social and environmental impacts have had less scrutiny. In this issue we invited a number of academics, financial analysts, consultants and development practitioners from Australia and the region to discuss their views on the causes of the crisis and its social outcomes.

In the opinion of our contributors, the major causes of the crisis were financial mismanagement, corruption, the availability of high levels of capital at very low interest rates and widespread speculation in property, equities and other unproductive activities. Weak financial systems and lack of regulation or supervision compounded the problems. Countries liberalised their financial markets without putting in place effective controls, policies or regulatory frameworks.

The countries most affected have been Thailand, Indonesia, Philippines, Malaysia and Korea. These are open economies that have undergone considerable trade and financial liberalisation. Countries such as China and India that have been slow to bring about trade and capital liberalisation, and who maintain tight central control on banks, have been less vulnerable to changes in investor sentiment or speculative attacks.

In this issue, Carolyn Gates of the Institute of Southeast Asian Studies in Singapore discusses the impact of liberalisation and relates economic crisis to chaos theory. A small adjustment in Thailand’s external price ratio triggered huge economic and growing political and social changes throughout the region.

Martin Khor of the Third World Network, Malaysia, reviews the role of the International Monetary Fund and the impact of the IMF’s demands for high interest rates, tight monetary policies and cuts in government budgets. He examines IMF policies and discusses whether or not they have been misapplied. Three of the countries under direct IMF tutelage – Thailand, Indonesia and South Korea – have slid into deep recession. He highlights the inconsistencies in IMF policy which places an imperative on Asian countries to raise their interest rates while the US and Japan maintain low interest rates.

D.M. Nachane of the Department of Economics, University of Mumbai and Ajit S. Bhalla of Sidney Sussex College, University of Cambridge, examine the causes of the crisis in broad terms, and speculate on its implications and future prognosis of recovery. In particular they consider the impacts on India and China, and the reasons why these countries have so far largely escaped the effects of the crisis. They also consider how the Governments of India and China might respond to the crisis in terms of modifying their plans for economic reform, given the fact that rapid liberalisation and lessening of control on capital in East Asia were clearly implicated in the crisis.

In all affected countries the social impacts of the economic crisis are greatest for the poor. The social impacts in Indonesia form the focus of four papers by
Peter van Diermen of the Department of Geography, Australian National University (ANU), Terence H. Hull of the Demography Program, ANU, Peter Hancock of the Centre for Development Studies, Edith Cowan University, and Hadi Soesastro of the Centre for Strategic and International Studies, Jakarta.

Soesastro estimates that in Indonesia alone 40 million people can be expected to face serious food shortages. Economic restructuring as proposed by the IMF will reduce social expenditure, including subsidies on food and other basic needs. Although school fees are low, school dropouts have increased by 20 per cent. The economic crisis, Soesastro maintains, spells tragedy for the unemployed. Many will be reduced to extreme poverty.

Terence Hull writes that the rapid increase in the price of drugs and contraceptives in Indonesia, together with the very high cost of transport, are likely to make basic health care unaffordable for the majority of poor people, particularly women. Primary health care clinics are shutting down due to lack of supplies and the non payment of health workers. A rapid response from the UNFPA and the Governments of Finland and United States, however, to provide contraceptives has meant that family planning figures have, to date, remained relatively stable.

Three papers examine the impacts of the crisis in Thailand: Srisuwan Kuankachorn of the Thai NGO Project for Ecological Recovery, Peter Warr of the Department of Economics at the ANU and Rapin Eiamlapa-Quinn of the Faculty of Asian Studies, ANU. Warr analyses the causes of the Thai crisis in terms of 'over-confidence, based on a long period of sustained boom'. He challenges the view that Thailand's economic boom failed to benefit the poor, stating that the cessation of rapid growth will clearly result in significant hardship for poor people. Kuankachorn puts forward the argument that a model of development based on rapid, large scale development that is dependent on foreign capital is doomed to disaster. Economic crisis is not just about currency problems but about the prevailing model of development. The long term involvement of the World Bank in the Thai National Economic and Social Development Board has provided a non sustainable model of development. Cuts in health, agriculture, education, technology and environment are already being felt. There has been a rapid demise of small, productive businesses. Urban migrants are now returning to their home villages but have forgotten how to survive in the countryside. To exacerbate the situation, there is a loss of income from migrant workers. It seems likely that the environment will suffer further as people will be forced to move into forest areas to acquire land.

Private debts are being taken over by the Government and Bank of Thailand, with the result that taxpayers are having to carry the burden of servicing the debts of highly paid executives of private finance companies who borrowed internationally to fund unproductive activities.

Christine McMurray of the Graduate Program in Demography at the ANU reviews current changes in the economic structure of Mongolia, and points to the negative impacts on health of the move from a centrally planned to an open market economy.
The East Asian crisis: Causes and dynamics

Carolyn L. Gates, Institute of Southeast Asian Studies, Singapore

The onset of the current East Asian financial crisis was marked by a successful speculative attack on the Thai baht on 2 July 1997 after the monetary authorities announced a managed float of the currency, effectively allowing the baht to devalue by 17 per cent against the US dollar. The impact quickly spread to the Philippines, where the peso lost 10 per cent of its value against the US dollar in mid-July when it was floated. Not far behind were the Indonesian rupiah and Malaysian ringgit, spreading later to the Korea won and threatening the currencies of Taiwan, Singapore, Hong Kong and China. What began as a forced Thai baht devaluation evolved into much larger financial, liquidity-insolvency and confidence crises in an expanding number of South then Northeast Asian economies. The rapid contagion effects of the crisis, herding instincts of investors, and self-fulfilling prophesies in the financial markets aggravated the downward cycles of property, equity and some export markets throughout East Asia. Further, as its effects on structural problems worsened, the East Asian real economies began to spiral downwards. Negative growth — and for Indonesia, a severe decline in GDP of 15 per cent or more, approaching the depths of the US economy in the Great Depression — is widely anticipated for many of the regional economies in 1998. While received wisdom only a few short years ago viewed East Asian fundamentals as the underpinnings of a virtuous circle of development, they are now seen as contributors to a vicious circle of despair. Regardless, the effects on the real economies have caused real hardship for the workers, unemployed, minorities and middle classes, and political change has erupted. Nowhere is this better seen than in Indonesia: under pressure of the military, bureaucracy and some semblance of ‘People’s Power’, President Soeharto abruptly resigned in late May after 32 years of rule.

East Asian miracle to crisis

What initially made this crisis so remarkable was the rapid and rising magnitude of currency contagion and domino effects in a region that had been vaunted as a model of political stability and economic dynamism. Since the 1970s, characteristically good policy management, including prudent fiscal policies, conservative monetary policies, and openness to foreign trade and investment, had contributed to rapidly improving macroeconomic fundamentals, rapidly rising (and high) factor accumulation, thereby contributing to a virtuous circle of growth and positive socioeconomic outcomes.

Economists, not to mention the policy, political and media communities, are divided on the causes of this crisis. Commentators have attributed the crisis to hydra-origins. On the ideological front, some have alleged that conspiratorial actions of motley powers, interests and agents have served as a warning to East Asia. Alternatively, Asian values, arrogance, complacency and what have become known as the ‘three Bs’ (businessmen, bureaucrats and bankers) and KKN (Bahasa Indonesia for corruption, cynicism and nepotism) have been cited as fatal flaws in this tragedy. Others have blamed East Asia’s economic and political systems for structural, behavioural and performance inadequacies. Some economists and politicians have faulted a highly flawed international financial system which permits very large, rapid and uncontrolled ‘hot capital’ flows, particularly to underdeveloped financial systems that have been urged to liberalise by the ‘Washington consensus’. Clearly, the causes of this crisis are not simple. They result from the dynamic effects of a complex set of factors.1

Major causes of the crisis

The most important cause of this crisis was financial mismanagement. Unsustainable financial policies triggered an old fashioned banking panic, and the effects of a ballooning currency crisis soon spilled over into other financial markets and later into the real economy. Many countries had begun to liberalise their capital accounts and financial markets over the past decade without sufficient preparation. They did not establish prudential regulation nor improve the instruments of supervision. Such mechanisms would have reduced the risks of agency problems and increased the share of funds channelled into potentially efficient, as opposed to favoured, projects. Though financial liberalisation is essential to making an economy more competitive, it requires great preparation, sophisticated knowledge and shifts in institutions, policies and regulatory framework. Without these institutions and expertise, financial pressures and crises can be anticipated.

One policy included in our assessment of financial mismanagement was the establishment of essentially fixed exchange rate regimes, resulting in currency misalignment. Many of the crisis-hit countries pegged their nominal exchange rates to the dollar, even as massive capital flowed rapidly in and later out of these economies. Under such a regime, the currencies were unable to adjust flexibly to both monetary and real conditions. While their monetary systems were ultimately dependent upon American policies, local conditions dictated that their macroeconomic (particularly interest rate) policies diverged significantly from those in the US. Further, export competitiveness depended heavily upon the US dollar. The weak US dollar in 1986–95 boosted
export competitiveness, while its steady strengthening in the post-1995 period decreased it. This came at the same time that cyclical constraints reduced international demand for some of their products.

A second cause of the crisis — an outcome of financial mismanagement — consisted of large capital inflows and related problems of ‘hot capital’. Throughout the early 1990s, as pegged exchange rates diminished the perception of currency risk, foreign financial intermediaries were eager to lend to these countries. Interest rates in the domestic (Japanese, US and European) markets were low, enabling the intermediaries to borrow cheaply and re-lend to overseas markets where prevailing rates were much higher. This led to a large credit expansion in the East Asian economies, which further fuelled speculation in the property and asset markets. It also encouraged organisations and individuals to engage in what some call ‘zeitech’ arbitrage. For instance, Indonesians could borrow in US dollars at six to seven per cent interest, convert them to rupiah that earned 20 per cent or more, and yield high arbitrage profits even after the average annual depreciation of the rupiah was taken into account. However, this strategy became problematic as the US dollar rose in value from 1995. First, there was a mismatch of liabilities and revenues with respect to the factors of currency (foreign currency liabilities were not hedged) and time (borrowing short for long term obligations). Further, large investment/speculation in property, equities and unproductive activities, which was pervasive in the region, was not generating sufficient dollars or yen to pay off foreign currency-denominated loans. Second, East Asian exports became more expensive. In the real economy, the growing non-competitiveness of exports became an important issue, as trade was the backbone of these economies. In the money sector, it was important because speculators and investors alike knew that it would be difficult to defend the peg, as these economies were not bringing in sufficient export dollars to service the short term liabilities and longer term debts coming due.

To compound problems, when capital began to flow out, especially in Thailand, during 1996 and 1997, the monetary authorities were forced to raise interest rates to support the exchange rate, sending shock waves through the over-extended financial sector. Since floating the currencies which then proceeded to plunge in value, the servicing costs of the largely short term dollar debts have become unbearable. Without exchange rate flexibility during both the credit boom and bust cycles, some East Asian economies have experienced growing problems: first, rising current account deficits, and later mounting external debt.

Weak financial systems, characterised by a lack of prudent regulation and appropriate supervision, permitted the development of a well-known expression of self-interested behaviour in agency theory: moral hazard, a third cause of the crisis. As this theory predicts, without adequate monitoring and balanced incentives, regional banks and finance companies pursued highly risky but potentially very rewarding investment/speculative activities in property, equities and unproductive activities. In this self-interested and guaranteed world, if the financial intermediaries won, they won in a very big way. If they lost, their respective governments and taxpayers — not the intermediaries — bore the risks and ultimate liabilities. Consequently, economic agents over-invested in potentially lucrative areas (property, stocks and ‘deals’), thereby boosting asset prices even higher and resulting in growing bubbles throughout the asset markets. In brief, moral hazard and its outcomes of over-borrowing, over-investing and investment bias (especially towards unproductive projects) were increasingly present in the over-guaranteed and under-regulated environment of many East Asian economies.

Other contributing factors

Other contributing factors to the crisis have included external shocks, cyclical downturns and various structural problems. Japan’s downward slide has reduced demand for East Asian exports, while the devaluation of the Chinese yuan in 1994 increased Chinese export competitiveness at the expense of Southeast Asia. The slowdown of G7 growth in 1995 and 1996 and the seemingly unstoppable rise of the US dollar since 1995 further eroded the region’s export performance. The cyclical downturn of the global electronics industry during 1996 hit some ASEAN economies severely because of the large share of electronics in total exports. Finally, the shocks and downturns exposed expanding structural problems: microeconomic weaknesses, overcapacity in a growing number of manufacturing sectors, human resource and other constraints on economies with high ambitions to move quickly up the technological and development ladder.

Decoupling of regional economies

Since the crisis began, the regional economies have decoupled into two groups of poor and better performers, though there are intra-group differences. The economic indicators of Table 1 suggest that a group of ‘crisis-ridden’ economies in East Asia, Indonesia, Korea, Thailand, Philippines and Malaysia, can be differentiated distinctly from better regional performers such as Singapore, China, Taiwan and Hong Kong. From June 1997 to June 1998, the currencies of Group 1 economies have depreciated vis-à-vis the US dollar in a range of 31.4 per cent in the Philippines to 82.8 per cent in Indonesia. Though some of the indicators are estimates of 1998 performance, the magnitudes of difference clearly show that Indonesia is the worst performer of Group 1, and Malaysia and the Philippines are at the other end of the spectrum. However, Malaysia is rapidly moving into recession and may be hit much harder than these numbers indicate because of its very large internal debt burden (about 160 per cent of GDP). Moreover, the regional crisis has struck the Philippines at a critical period, threatening its fragile recovery. While the Philippines is the
only country in Group I expected to have positive growth this year, it has the second highest level of unemployment. Thailand's output is plummeting while official unemployment has not risen dramatically, but that is because of its high underemployment in a large agricultural sector. Korea has performed poorly, as output has plummeted and unemployment and inflation risen, due to its structural and financial weaknesses. However, these indicators do not give an accurate picture of the dynamics of the severity of the situation, and the declining conditions will probably not bottom out before the end of 1999. All are expected to have current account deficits in 1998, and most have declining reserves.

By contrast, Group 2 economies show declining performance as compared to 1997, but they are far superior to that of Group 1. Only Hong Kong is forecasting negative growth in 1998, and unemployment and inflation in the four are rising moderately. While the exchange rates of Hong Kong and China have barely changed over the period, those of Singapore and Taiwan have depreciated moderately, as their monetary authorities have responded to currency contagion with flexible management. Though some underlying factors affecting performance differ, in general, the three newly industrialising economies (NIES) of Hong Kong, Singapore and Taiwan are weathering the crisis because of their basic structural soundness and prudent economic management. China, on the other hand, has not been hit severely by the regional crisis because of its inward looking orientation, lower integration into the regional and international economies, and its semi-closed financial system. The worst hit were those open economies with serious structural vulnerabilities in the financial and real sectors that could not withstand the expanding and interdependent effects of the financial crisis.

Despite the decoupling process, all East Asian economies are vulnerable to crisis contagion and externalities because

| Table 1. Decoupling of East Asian economies during crisis: 1997–1998 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Panel 1       | Economic growth | Change %       | Unemployment % | Change %       | Inflation %    | Change %       | Current Account % | Change %       |
| Malaysia      | -0.5     | 8    | -8.5       | 3.5      | 2.7       | 0.8        | 2.5        | 2.7               | -0.2             |
| Philippines   | 2        | 5.8  | -3.8       | 13.3     | 10.4      | 2.9        | 9.9        | 7.2               | 2.7               |
| Thailand      | -5.5     | -0.4 | -5.1       | 2.1      | 1.2       | 0.9        | 16.8       | 6.2               | 10.6              |
| Korea         | -4       | 5.7  | -9.7       | 7.0      | 2.6       | 4.4        | 10.4       | 4.4               | 6.0               |
| Indonesia     | -15      | 7.5  | -22.5      | 22.9     | 4.7       | 17.3       | 52.6       | 6.5               | 45.5              |
| Korea         | -1.9     | 5.2  | -7.1       | 4.2      | 2.4       | 1.8        | 4.3        | 3.8               | -1.5              |
| Avg all       | -1.0     | 6.1  | -7.2       | 6.9      | 3.6       | 3.3        | 11.8       | 4.1               | 7.7               |
| Avg group 1   | -4.6     | 5.3  | -9.9       | 9.6      | 4.3       | 5.3        | 18.3       | 5.4               | 12.9              |
| Avg group 2   | 5.2      | 7.8  | -2.6       | 3.3      | 2.7       | 0.6        | 3.5        | 1.5               | 2.0               |
| Avg all       | 0.1      | 1.7  | 2.0        | 0.1      | 1.7       | 2.0        | 0.3        | 1.6               | 12.9              |
| Avg group 1   | -4.6     | 5.3  | -9.9       | 9.6      | 4.3       | 5.3        | 18.3       | 5.4               | 12.9              |
| Avg group 2   | 5.2      | 7.8  | -2.6       | 3.3      | 2.7       | 0.6        | 3.5        | 1.5               | 2.0               |
| Panel 2       | Exchange rate (Local to US$) | Depreciation/appreciation of currency to US$ (%) | Foreign reserves (US$billion) | Change (K-L) (US$billion) | Change % | Performance Index |
| Malaysia      | 3.9      | 2.5  | -35.9      | 57.3     | 59.1      | -1.8       | -3.0       | 5                | 5                |
| Philippines   | 38.4     | 26.4 | -31.4      | 11.8     | 8.6       | 3.2        | 37.2       | 6                | 6                |
| Thailand      | 40.0     | 25.0 | -37.5      | 27.0     | 33.0      | -6.0       | -18.2      | 7                | 7                |
| Korea         | 1382.6   | 880.9 | -36.3     | 38.8     | na        | na         | na         | na               | na               |
| Indonesia     | 15100.0  | 2600.0 | -82.8     | 14.6     | 53.4      | -38.8      | -72.7      | 9                | 9                |
| Group 2       | Singapore | 1.71  | 1.43      | -16.4    | 76.2      | 80.9       | -4.7       | -5.8              | 1                |
| China         | 8.29     | 8.28 | -0.1      | 140.9    | 120.9     | 20.0       | 16.5       | 2-3               | 2-3               |
| Taiwan        | 34.8     | 27.8 | -20.1     | na       | 83.5      | na         | na         | na               | na               |
| Hong Kong     | 7.8      | 7.9  | -1.3      | 96.2     | 67.6      | 28.6       | 42.3       | 4                | 4                |
| Average all   | -28.8    | -28.8 | -28.8     | 51.4     | 56.3      | 0.1        | -0.4       | -0.4              | -0.4              |
| Avg group 1   | -4.8     | -4.8  | -4.8      | 29.9     | 30.8      | -8.7       | -11.3      | -11.3             | -11.3             |
| Avg group 2   | -8.8     | -8.8  | -8.8      | 78.3     | 82.2      | 11.0       | 13.3       | -13.3             | -13.3             |

Notes: CPI = consumer price index; est. = estimate
Source: CEIC database, 1998
of their strong regional trade and investment linkages. In 1985–95, for example, on average more than 53.6 per cent of exports of these nine countries flowed to East Asia, including a large share to Japan. At the same time, an average of 25 per cent of Japan’s foreign direct investment was flowing into the Asian NIEs, ASEAN and China. Without a doubt, Japan is a key factor in the region’s recovery, not unlike the situation after the downturn of some regional economies in the mid-1980s.

In conclusion, perhaps several elements of chaos theory are not inapplicable to this crisis. What began as a relatively small adjustment in Thailand’s external price ratio has triggered huge economic and growing political and social changes throughout the region. However, another central concept of chaos theory is that general disorder is not characteristic of systems, and that it is in fact possible to understand and model their overall behaviour. No doubt in the future, this crisis will offer many analysts the raw materials to attempt to do just that.

Endnote

Rethinking IMF policy in the wake of the Asian economic crisis

Martin Khor, Third World Network, Malaysia

As the East Asian crisis continues to deepen, the debate on the role of the International Monetary Fund's (IMF) contractionary policies has heated up. There are also increasing calls to the IMF and Western countries to allow the affected Asian countries to reflate their economies. The IMF's top officials have continued to defend their macroeconomic approach of squeezing the domestic economies of their client countries through high interest rates, tight monetary policies and cuts in the government budget.

Their argument is that this 'pain' is needed to restore foreign investors' confidence, and so strengthen the countries' currencies. However, some economists had already warned at the start of the IMF 'treatment' for Thailand, Indonesia and South Korea that this set of policies is misplaced as it would transform a financial problem that could be resolved through debt restructuring, into a full-blown economic crisis.

That prediction has come true, with a vengeance. The three countries under the IMF's direct tutelage (Thailand, Indonesia and South Korea) have slid into deep recession. Partly due to spillover effects, other countries such as Malaysia and Hong Kong have also suffered negative growth in the year's first quarter. Even Singapore is tottering on the brink of minus growth. As the economic crisis worsens, some political leaders, researchers and activists in the region are increasingly questioning the IMF policies.

Prominent among the critics has been Malaysian Prime Minister Dr Mahathir Mohamad, who has blamed the IMF's policy of high interest rates, credit squeeze and tighter definition of non-performing bank loans for worsening the recessionary conditions. Although, unlike the other three countries, Malaysia has not sought an IMF rescue package, and thus is not obliged to follow the Fund's policies, the IMF staff have been giving advice, along the same orthodox lines, to the country's finance and central bank officials. 'Initially we thought the IMF's strategies were very good, that saved Korea's economy from collapse, and a sharp economic slowdown.' Dr Mahathir said at a recent press conference in Kuala Lumpur. 'We are trying to figure out how to manage the economy after the damage has been done through the shortening of the period of non-performing loans, credit squeeze and raising interest rates. They have damaged a lot of companies.'

Interest rates and debt servicing

For the Asian countries afflicted with sharp currency depreciations and share market declines, the first set of problems involved the much heavier debt servicing burden of local banks and companies that had taken loans in foreign currencies, the fall in the value of shares pledged as collateral for their loans, the resulting weakening of the financial position of banks, and inflation caused by rising import prices.

But then came a second set of problems resulting from the high interest rates and tight monetary and fiscal policies that the IMF imposed or advised. For companies already hit by the declines in the currency and share values, the interest rate hike became a third burden that broke their backs. But even worse, there are many thousands of firms (most of them small and medium sized) that have now been affected in each country. Their owners and managers did not make the mistake of borrowing from abroad, nor did they have the clout to do so. The great majority of them are also not listed on the stock market. So they cannot be blamed for having contributed to the crisis by imprudent foreign loans or having over-borrowed on the basis of inflated share values.

Yet these many thousands of local companies are now hit by the sharp rise in interest rates, a liquidity squeeze as financial institutions are tight-fisted with (or even halt) new loans, and the slowdown in orders as the public sector cuts its spending. In Thailand, 'domestic interest rates as high as 18 per cent have been blamed for starving local businesses of cash and strangling economic growth,' according to a Reuters report of 3 June 1998. In South Korea, thousands of small and medium companies have gone bankrupt as a result of high interest rates. Although the country has about US$150 billion in foreign debts, its companies in January also had double that figure, or more than US$300 billion, in domestic debt.

According to the Wall Street Journal (9 February 1998), the Korean economy was facing fresh agony over this huge domestic debt as thousands of companies file for bankruptcy as they find it harder to get credit. 'The blame for the tighter liquidity are higher interest rates, a legacy of the IMF bailout that saved Korea's economy from collapse, and a sharp economic slowdown.'

In Indonesia, whilst top corporations with foreign currency loans have been hit hardest by the 80 per cent drop of the rupiah vis-à-vis the US dollar, the majority of local companies have been devasated by interest rates of up to 50 per cent. The rates were raised as part of an IMF agreement and were aimed at strengthening the rupiah. However the rupiah has not improved from its extremely low levels, whilst many indebted companies are unable to service their loans.
In Malaysia, interest rates are lower than in the three IMF client countries. Nevertheless they have also been going up. According to Central Bank data, the average bank lending rate rose from 10.4 per cent in May 1997 to 11.5 per cent in December 1997 and 13.3 per cent in March 1998. Currently, many customers are charged 15 per cent, and some even higher. On interest rate policy, countries subjected to currency speculation face a serious dilemma. They have been told by the IMF that lowering the interest rate might cause the 'market' to lose confidence and savers to lose incentive, and thus the country risks capital flight and currency depreciation.

However, to maintain high interest rates or increase them farther will cause companies to go bankrupt, increase the non-performing loans of banks, weaken the banking system, and dampen consumer demand. These, together with the reduction in government spending, will plunge the economy into deeper and deeper recession. And that in turn will anyway cause erosion of confidence in the currency and thus increase the risk of capital flight and depreciation. A higher interest rate regime, in other words, may not boost the currency’s level but could depress it further if it induces a deep and lengthy recession.

It is also pertinent to note that a country with a lower interest rate need not necessarily suffer a sharper drop in currency level. Take the case of China. Since May 1996, it has cut its interest rates four times and its one-year bank fixed deposit rate was 5.2 per cent in May, according to a Reuters report. But its currency, which is not freely traded due to strict controls by the government, has not depreciated.

It has also been pointed out by Yilmaz Akyuz, UNCTAD's chief macroeconomist, in a paper on the Asian crisis, that 'although Indonesia and Thailand have kept their interest rates higher than Malaysia, they have experienced greater difficulties in their currency and stock markets.' According to Akyuz, there is not a strong case for a drastic reduction in domestic growth, as advocated by the IMF, to bring about the adjustment needed in external payments. Instead of the orthodox IMF policies, Akyuz provides the example of a different set of policies that the United States had successfully adopted when it also faced conditions of debt deflation in recent years.

**Interest rates in Japan and the US**

In reaction to the weakness in the financial system and the economy, the Fed started to reduce short-term interest rates in the early 1990s, almost to negative levels in real terms, thus providing relief not only for banks, but also for firms and households, which were able to ride the yield curve and refinance debt at substantially lower interest servicing costs. This eventually produced a boom in the securities market, thereby lowering long-term interest rates, and helping to restore balance-sheet positions, producing a strong recovery at the end of 1993. Recounting the above episode, Akyuz concludes: 'Clearly, the US economy is unlikely to have enjoyed one of the longest post-war recoveries if the kind of policies advocated in East Asia had been pursued in the early 1990s in response to debt deflation.'

Another interesting contrast is that between the IMF's contractionary policies prescribed for its East Asian clients, and the strong criticisms of Japan from Western leaders for not doing more to reflate its ailing economy. They are calling for more effective tax cuts so that Japanese consumers can spend more and thus kick the economy into recovery.

The yen has been sharply dropping, causing grave concerns that this will trigger a deeper Asian crisis or world recession. These concerns led the US to intervene in the foreign exchange market to stop the yen's further decline. Yet neither the IMF nor the Western leaders have asked Japan to increase its interest rate, which at 0.5 per cent must be the lowest in the world, in order to defend the yen. Instead they want Japan to take fiscal measures to expand the economy. This tolerance of low interest rates in Japan as well as the pressure on the Japanese Government to pump up the economy is a very different approach than the high-interest austerity-budget medicine prescribed for the other East Asian countries.

Could it be that this display of double standards is because it is in the rich countries' interests to prevent a Japanese slump that could spread to their shores, and so they insist that Japan reflate its economy whilst keeping its interest rate at rock bottom? Whereas in the case of the other East Asian countries, which owe a great deal to the Western banks, the recovery and repayment of their foreign loans is the paramount consideration? In the latter case, a squeeze in the domestic economy would reduce imports, improve the trade balance and result in a strong foreign exchange surplus, which can then be channelled to repay the international banks. This is in fact what is happening. As recession hits their domestic economies, Thailand, South Korea, Indonesia and Malaysia have seen a sharp contraction in imports, resulting in large trade surpluses.

Unfortunately, this is being paid for through huge losses in domestic output and national income, the decimation of many of the large, medium and small firms of these countries, a dramatic increase in unemployment and poverty, and social dislocation or upheaval. A price that is extremely high, and which in the opinion of many economists, including some top establishment economists, is also unnecessary for the people of these countries to pay.

They argue that instead of being forced to raise interest rates and cut government expenditure, the countries should have been advised by the IMF to reflate their economies through increased public spending and interest rates that are lower than the present levels. London's *Financial Times* carried a strongly worded opinion article entitled 'Asian water torture' with this sub-heading: 'Unless the IMF allows the region's
economies to reflate and lower interest rates, it will condemn them to a never-ending spiral of recession and bankruptcy'.

Written by Robert Wade, professor of political economy at Brown University in the US, the article blames the IMF for failing to grasp the implications of imposing high interest charges on Asian companies that are typically far more indebted than Western and Latin American companies:

High rates push them much more quickly from illiquidity towards insolvency, forcing them to cut back purchases, sell inventories, delay debt repayment and fire workers. Banks then accumulate a rising proportion of bad loans and refuse to make new ones. The IMF's insistence that banks meet strict Basle capital adequacy standards only compounds the collapse of credit.

The combination of high interest rates and Basle standards is the immediate cause of the wave of insolvency, unemployment and contraction that continues to ricochet around the region and beyond. The uncertainty, instability and risk of further devaluations keep capital from returning despite high real interest rates (Financial Times, 23 June 1998).

Wade finds the IMF's contractionary approach 'puzzling' as the United States authorities after the 1987 stock market crash had acted to keep markets highly liquid whatever the cost, yet in Asia the Fund acted to contract liquidity. He asks, 'Is this because it knows only one recipe? Or because it is more interested in safeguarding the interests of foreign bank creditors than in avoiding collapse in Asia?'

**Some options**

Concluding that the IMF's approach is not working, Wade calls on governments in the region to change tack away from the current approach of very low inflation, restrained demand and high real interest rates as the top priorities. 'They need to take a tougher stance in the rescheduling negotiations with the creditor banks, lower interest rates to near zero, and step on the monetary gas,' he says. He also proposed that governments reintroduce some form of cross-border capital controls. They should then channel credit into export industries, generate an export boom, and let the ensuing profits reinforce inflationary expectations and reflate domestic demand. The West, meanwhile, should stop pushing developing countries to allow free inflow and outflow of short-term finance, as they are simply not robust enough to be exposed to the shocks that unimpeded flows can bring.

There should also be reconsideration of the constitution of money funds, whose priorities are short-term results, and over-guaranteed international banks, which lie at the heart of the problem of destabilising international financial flows.

Until Asian governments lower interest rates, take control of short-term capital movements, and cooperate within the region, the crisis will go on and on like water torture. That will bring poverty and insecurity to hundreds of millions and turn parts of Asia into a dependency of the IMF and the US, its number one shareholder (Financial Times, 23 June 1998).
The Asian crisis: Symptoms, diagnosis, implications

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The recent Asian financial crisis represents a forceful manifestation of the helplessness of the economics profession, international organisations, the private sector and banks in anticipating (let alone averting) economic woes associated with the crisis. The crisis has struck some of the hitherto most rapidly growing economies of the world, and it was as harsh as it was unexpected. Neither economists, policy makers nor anyone from the newly emerging breed of Asian market analysts had even an inkling of the danger looming around the corner. Krugman (1994) and UNCTAD (1996) were perhaps exceptions, but they were hinting at a slowdown in East Asian growth, high current account deficits, and overdependence on foreign capital inflows rather than anticipating a crisis.

The four countries most severely affected by the crisis are Thailand, South Korea, Indonesia and Malaysia. Hong Kong and the Philippines have also been affected, though less severely. Enough is now written on the situation in individual countries resulting from the crisis (see for example, Rao 1998). In this short paper we will concentrate instead on general features and causes of the crisis in these five Asian economies, excluding Hong Kong, and its ramifications for other Asian countries such as India and China.

Key features of the crisis

The first important feature of the crisis is that it differs from earlier crises in the sense that the fundamental aspects of macroeconomic management remained sound (fiscal balance, low inflation rates and high growth rates) throughout the pre-crisis period. All five affected economies followed responsible budgetary policies in the three years preceding the crisis. Monetary policies were also prudent, as is indicated by the short-term interest rates and inflation rates. Domestic savings and investment rates were high, suggesting that the growth tempo was not contingent on maintaining adequate capital inflows. Total external debt was high, but not excessively so, although its composition and maturity structure should have given some cause for concern. Finally, while current account deficits were high, capital inflows in the pre-crisis period were more than adequate to match them. Thus no alarm bells were ringing on the macroeconomic front.

Second, world market conditions were not particularly adverse, at least not sufficiently so to foretell a crisis as was the case when Latin America erupted into crisis in the 1980s. The region’s major trading partner, Japan, had been showing signs of sluggishness, but the United States economy was booming, thereby forming a sizeable market for the region’s exports. The crisis cannot therefore be blamed on global economic conditions.

Third, unhealthy signals emanating from the financial sector went unheeded. Credit to the private sector was expanding rapidly, with increasing recourse to foreign borrowing by the banking sector to finance this credit. The problem was particularly acute in Korea, Malaysia and Thailand, with financial sector claims on the private sector exceeding 140 per cent of GDP in 1996. Commercial banks and their supervisors were hard pressed to cope with these rapid changes. The capital flight was accelerated by panic withdrawals of dollar deposits by local residents and companies. The situation was worsened by the fact that the proportion of short-term claims (less than a year’s maturity) exceeded 60 per cent in Indonesia, Korea and Thailand, and between 45 per cent and 60 per cent in Malaysia and the Philippines.

Another feature of the crisis was that it was totally unexpected. This was because capital inflows remained strong throughout 1995 and 1996, and in most cases well into 1997. The assessment of credit agencies was continuously favourable, nor had the IMF rung any alarm bells.

Diagnosis

There is no agreement on the diagnosis of the Asian crisis. Two schools prevail. The laissez faire school lays the blame on government macroeconomic policies, whereas others point the finger towards unmanaged international capital flows and private sector financial decisions. There are reasons to believe that the Asian crisis was associated with financial panic, where drastic currency depreciations and stock market adjustments have been far in excess of expectations. This is reflected in the reversal of capital flows around the time of the crisis. Capital flows to the five affected Asian economies, which peaked at $93 billion in 1996, were dramatically reversed to an outflow of over $12 billion in 1997. Thus there was a switch of $105 billion, representing 10 per cent of the combined pre-crisis GDP of the five economies. The maximum outflow occurred in the case of commercial bank lending ($76.8 billion) followed by portfolio equity ($23.7 billion).

No doubt there were structural flaws and some problems of macroeconomic management. But these were more contributory than primary factors. The major shortcomings included:

- too much capital made available at prices far below the
true resource costs of capital, due to subsidies and tax concessions to selected industries; bail ing out by governments of inefficient banks, corporations and enterprises; unreliable legal systems, inadequate bank regulation, and lack of corporate transparency; excessive short-term borrowing and foreign banks' indiscriminate lending; and a pegged exchange rate which overvalued the Asian currencies against the dollar.

If a single culprit were to be blamed for the systemic failure, then it would have to be corruption, which permeates the three-way relationship between government, industry and banks. The government–corporation axis, for example, would work reasonably well if the industries chosen for support were selected on objective technical and economic grounds. But if cronyism is the guiding selection principle, the costs to the economy of protecting and subsidising inefficient industries can be considerable. Similarly, cheap directed credit to industries, not based on genuine welfare considerations, seriously jeopardises the health of the financial sector.

Most of the above features are not inevitable characteristics of the Asian mode of capitalism. Even those that are, can be reasonably taken care of within the existing framework. For example, the first of the features mentioned above can be tackled by strengthening the powers and rights of shareholders in order to enable them to discipline company management, whereas the second can be best approached by putting into effect proper bankruptcy laws.

Thus our diagnosis of the Asian crisis is primarily one of financial panic, in which structural factors played a reinforcing role. The main proximate causes of the panic were volatility of capital inflows and financial liberalisation without adequate preparation. If this diagnosis is correct, the remedies most likely to succeed would involve the provision of adequate safeguards for the financial sector, and the introduction of measures to discipline foreign portfolio investment and external commercial borrowings. Instead, what the IMF has prescribed is a typical structural adjustment, which is the appropriate remedy in the case of an economy suffering from flawed macroeconomic policies. The IMF has also been trying to push the Asian economies in the direction of full-scale market capitalism — a move we believe is both unnecessary and dangerous. What the Asian economies need is not invasive surgery, but skillful excision.

Implications

The general impact of the Asian financial crisis is likely to be in terms of a slowing down of GDP growth both in the region and worldwide, lack of export growth and slowing down of employment growth. Slow growth is already causing social hardships through growing poverty and unemployment. There is very little, if any, social or unemployment insurance in the affected Asian economies. It is necessary therefore for international organisations like the World Bank to provide social safety nets to ensure a minimum of income and employment security for those adversely affected.

Despite significant currency devaluations, exports from the affected economies have not improved, due partly to the slow growth in industrialised countries (with the exception of the US). The bulk of East Asian exports are quite import-intensive and consist of imported raw materials and components. Imports now cannot be financed because of a credit squeeze: banks are afraid of lending for fear of further losses. Furthermore, while devalued currencies have made exports cheaper, they have made imports more expensive.

Can the affected Asian economies restore long-term growth despite a short-term credit squeeze, limited borrowing and slowing export growth? High rates of savings and domestic investment, and qualified manpower, suggest optimism about the long term. Furthermore, foreign direct investment (FDI) to the five affected economies as a group is estimated in 1997 to have remained at the level attained in 1996. An UNCTAD-ICC survey of 500 multinational enterprises (MNEs) notes that the majority of respondents had not lost their confidence in the Asian region as an investment destination. Currency devaluations are attractive to foreign investors since they imply lower production costs in dollar terms, and lower property prices reduce the foreign currency costs of acquiring such fixed assets as land and buildings. The restructuring of firms now underway in the affected economies provides MNEs with opportunities to undertake direct investments in the region through mergers and acquisitions.

Effects on China and India

There are several ways in which the Asian 'flu' can spread to other countries: the direct and indirect effects on exports, the impact on foreign capital inflows, and the impact of contractionary domestic policies introduced in response to the crisis. What are the effects, if any, of the Asian crisis on China and India? So far China and India have both escaped the fallout from the crisis. However, in both these countries symptoms of a financial crisis do exist: a high ratio of non-performing loans to total loans, ineffective supervision of the banking industry, and a high ratio of short-term debt to total reserves, for example. China's banking system is considered even shakier than that of Korea and Thailand. Heavy lending to the Chinese less-making state-owned enterprises, property speculation and bad loans (about 20–30 per cent of total bank lending) are features common to the affected Asian economies. In addition, the four top state banks (the Industrial and Commercial Bank, the Bank of China, China Construction Bank and the Agricultural Bank of China) have equity-to-assets ratios ranging from a little over two per cent to about five per cent, which is well below the international capital standard of eight per cent set by the Bank of International Settlements. The situation is similar.

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in India: high non-performing assets in state-owned banks (currently estimated at 16.5 per cent), a large number of non-bank finance companies, and poor banking supervision and management.

China’s GDP growth is reported to have slowed from nearly nine per cent in 1997 to a little over seven per cent in the first quarter of 1998 (The Economist 1998). The official target of eight per cent growth may not be achieved considering the major structural reforms of state enterprises, state banks and housing, and slackening of export growth. According to China’s Foreign Trade Minister, Wu Yi, exports in 1998 will grow at only six per cent, i.e., half as fast as 1997. If China does not devalue, in principle its exports may be hurt since massive devaluations by the affected Asian countries have made their exports more competitive. Nevertheless, China continues to enjoy its technical and managerial improvements. Thus China’s trade competitiveness may not suffer much.

In India, the unusually high rates of GDP growth of around seven per cent during 1995–97 suffered a sharp decline in 1997–98, with growth slipping to an estimated five per cent. The direct impact of the crisis on India’s exports is likely to be limited, since the affected Asian countries have made their exports more competitive. Nevertheless, China continues to enjoy its technical and managerial improvements. Thus China’s trade competitiveness may not suffer much.

The Chinese government faces a particularly serious dilemma. It would like to accelerate financial liberalisation to promote economic and business efficiency and integrate more fully into the global economy. But unless the performance of the banking sector is first improved (a huge task without accompanying reforms of state-owned enterprises and institutional and legal reforms), exposing the sector to external competition could bring about a banking crisis, as has been shown by the recent experiences of East Asia. It is perhaps for this reason more than any other that foreign banks operating in China are not allowed to make local-currency loans or take local-currency deposits. It is feared that deposits would be switched from the four state banks to branches of foreign banks, thus leading to the former’s collapse.

Whither Indian and Chinese reforms?

The precise effects of the crisis on the reforms will depend on the two governments’ perceptions of its underlying factors. In the Indian case, there is a tendency to slow down reforms in such areas as privatisation, trade and capital liberalisation (judging by the recent significant increase in import duties and a levy of flat import surcharge). One should not lose sight of the economic philosophy of *swadeshi* (self-reliance) and distrust of foreign investment and multinationals by the BJP, the dominant constituent of the current Indian government. The increase in import duties could be explained in two ways: it is either an unequivocal assertion of ‘self-reliance’ philosophy, or a temporary once-for-all response to the Asian crisis. In the latter case, if India’s export markets are in danger of being squeezed by cheapened Asian products, the government may well reason that Indian industries must have an assured domestic market to sustain their production levels.

China’s response to the Asian crisis is different: it has, in fact, accelerated restructuring and reform of state banks and state enterprises. The new Chinese Premier, Zhu Rongji, has given state enterprises and state banks only three years to restructure, even at the cost of social hardship in terms of worker retrenchment. The number of government workers is to be reduced by half with the abolition of several ministries. Privatisation of housing, formerly provided by the state, was also recently announced. It is not clear whether China can go through such drastic reforms in conditions of...
slow economic growth. In the past, restructuring of state enterprises was stalled for fear of massive retrenchments and ensuing social hardships. These hardships will be even more severe when the economy is growing slowly. Some rethinking of reforms is already noticeable. For example, on 24 June 1998 the central bank called upon commercial banks to provide more working capital loans to loss-making state enterprises. On 11 July 1998, the State Economic and Trade Commission ordered local governments to go slow on the sales of state-owned enterprises, presumably for fear of social unrest. Furthermore, the deadline of 1 July for ending the welfare housing system for state enterprise workers has passed and no action has been taken to implement the new plan. It appears that the plan to introduce a commercial housing market has met with political opposition at the local level.

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References

Mongolia: Declining health and welfare in the post-transition period

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In 1989 Mongolia ceased being a centrally planned economy and became a market economy to be governed by a democratically elected government. Although peaceful, the dramatic and sudden nature of the transition brought increased unemployment and declining real incomes. This paper considers the effect of economic transition on population health and welfare.

Recent history prior to transition

Mongolia is a vast and sparsely settled country, bigger than South Africa but with fewer people than New Zealand. Landlocked between Russia and China, it has had to struggle to remain independent, especially since industrialisation and the increasing need for raw materials turned the attention of its neighbours to its rich mineral endowment. Evaluating the encroachment of China as a greater threat than alignment with the Soviet bloc, Mongolia adopted Marxist-Leninist ideology and a centrally planned economy based on the Soviet model.

In many ways, remaining technically independent as a satellite state rather than becoming a full member of the USSR was a disadvantage. Although Russia invested in Mongolia, much of the profit from this investment returned to Russia. For example, ore from Mongolia's giant Erdenet copper and molybdenum mine was exported as raw material to feed Soviet processing plants located just across the border. Membership of the centrally planned economies' Council for Mutual Economic Assistance (CMEA), restricted Mongolia to a fixed contract price for copper ore, thus preventing it from benefiting from increases in world market prices. At the same time a similar agreement with the USSR meant that Mongolia paid more than world market prices for imported petroleum, which comprised 25 per cent of its total imports. Mongolia's satellite status also meant no direct budgetary support from central USSR funds, although it was able to borrow extensively from the USSR.

Even so, Mongolia achieved substantial progress in well-being, health and education during the socialist period. By 1989 free health care was available to all, with a network of health facilities and doctors serving most of the country. Infant and maternal mortality had declined to moderately low levels, and more than 90 per cent of the adult population were literate. Between 1975 and 1990 some 40 per cent of government expenditure was devoted to education, health, culture and social welfare (JNDP 1997:6).

The consequences of transition to a market economy

The transition to a market economy brought rapid inflation, peaking at 325 per cent in 1993, while expenditure on health, education and welfare fell to around half their pre-1989 levels. Since 1989 the morbidity rates have increased sharply, which is a reversal of the pre-1989 trend. Viral hepatitis, which contributes to high rates of liver disease and cancer, has become common, along with tuberculosis, scabies and other skin diseases, genito-urinary diseases, respiratory diseases and, since 1994, meningococcal infections. The incidence of sexually transmitted diseases also increased rapidly. Non-communicable diseases have also become more prevalent, including cardiovascular disease and disorders of the digestive tract and nervous and sensory systems. The incidence of mental illnesses, including schizophrenia, was twice that for neoplasms in 1992, representing a 250 per cent increase compared with the years prior to 1990 (Government of Mongolia 1993).

Although declines in health funding are always problematic, their effect in Mongolia was particularly severe for several reasons: the nature of the health system; a simultaneous lack of development and maintenance of basic infrastructure; food shortages; and lifestyle related problems.

The nature of the Mongolian health system

Prior to 1924, Buddhist lamas were virtually the only providers of health care, offering treatments based on Indian, Tibetan and Chinese traditional medicine and local Mongolian cures. In 1937 lamas were forbidden to practice traditional medicine and persecuted or driven out of the country. A major weakness of Mongolia's approach to health was lack of community participation in health care (Neupert 1995:44-5). All budgetary, design and management aspects of health care facilities were controlled by central government, without involving local communities.

Aside from compulsory immunisation and quarantine measures, the main preventive medical strategy adopted during the Soviet period was mandatory examination of the population by mobile medical teams. This became a type of medical policing system, which imposed health care on the population and inhibited the development of awareness that health is an individual and community responsibility. Primary health care initiatives such as education in hygiene and nutrition and improvement of local sanitation and
environments were, and still are, lacking, and there was an unwarranted reliance on curative care. The impact of major funding cuts on such a system was catastrophic. In 1997 the most pressing health needs were still considered to be basic measures, including sterile injections, improving the cold chain for vaccines and improving disease surveillance (UNDP 1997:17).

Another weakness in the health care system was poor quality reproductive and child health care. During the Soviet period, Mongolia practiced Soviet-style pro-natalism, honouring women for bearing large families and ensuring that contraception was difficult to obtain. One reflection of increasing hardship and poverty as the Soviet empire crumbled and economic transition took place was a rapid decline in Mongolian fertility, from more than six children per woman in 1980 to 2.3 in 1993. Although there was a relaxation of restrictions on contraceptives after 1989, they remained expensive and in short supply. Abstinence and abortion were the main mechanisms for the fertility decline. More unsafe abortions and deteriorating standards of maternal health services led to an increase in maternal mortality to around 76 per 1000 in 1996 (UNICEF 1996:80, 92).

Lack of basic infrastructure

Another factor contributing to poor health in post-transition Mongolia is under-development and deterioration of basic infrastructure. Urbanisation has been rapid since the 1970s, with some 55 per cent of the population now living in urban areas. However, the provision of adequate housing, sanitation, safe water and waste disposal has lagged far behind population needs. Thirty-eight per cent of the water supplied to urban areas is of sub-standard quality because of chemical and bacterial pollution (UNDP 1997:28). The Tuul River, which flows through Ulaanbaatar, is estimated to have two to three and a half times the acceptable levels of nitrogen, phosphate and organic pollution because of discharges of untreated sewage.

Although urban dwellers employed in the state sector or private enterprise can afford housing with water and sanitation, many low income earners live in gers (traditional Mongolian tents) on the city fringes, where there are no sewage and water systems. Sanitation is perhaps less important in rural areas where population densities are still low, herdsmen are mobile and gers are frequently relocated. In urban areas, however, semi-permanent ger settlements are a health hazard unless provided with proper services. Even though the water supplied to permanent buildings in Ulaanbaatar is not potable, a 1992 study found that 28 per cent of children living in gers were stunted, compared with 23 per cent of children living in apartments (Kachondham 1992:39). This implies not only nutritional disadvantage but also a greater prevalence of diarrhoeal disease.

Declining investment in roads and public transport has also impacted on health. In 1994 a UNDP evaluation team concluded ‘the deterioration in access to transport is one of the most serious threats to the health care system in rural areas’ (Medvedeva 1996:184). Even where a health facility exists, people may not be able to reach it, either because of lack or the high cost of transport. If the facility is too distant, they may be deterred not only by transport costs but also by the cost of finding affordable accommodation on arrival.

Loss of food security

The impact of declining standards of health care in the post-transition period has also been exacerbated by food shortages. The transition to a market economy has contributed to loss of food security. Food production per capita has declined markedly in the post-transition period as a consequence of the near collapse of the cropping sector, degradation of grazing land and increased winter exposure of livestock coupled with decreased availability of winter feed, which has resulted in a reduction in herd numbers. Compared with 1990, per capita production of meat in 1996 was eight per cent less, eggs 88 per cent less, cereals 73 per cent less, potatoes 69 per cent less and vegetables 49 per cent less. Of the major food items, only milk production had increased, by a meagre three per cent (UNDP 1997:22). Food security at the national level has become more dependent on world market price movements and importation of basic food items, while Mongolia’s terms of trade have become less favourable, and international cereal prices have increased in recent years.

The incidence of absolute caloric deficiency increased in the post-transition period, with many people consuming fewer calories than they need to survive in the severe Mongolian climate. In the 1990s a survey of pregnant women found they were consuming an average of 25 per cent less than the recommended intake for Mongolian conditions and 29 per cent were anaemic (UNICEF 1990:6). Although the traditional Mongolian diet includes large quantities of meat and milk products, protein deficiencies are now common in urban areas because of increased prices and food shortages. Recent studies have shown widespread deficiencies of iodine, iron and Vitamins A, C and D among children. Although iodised salt has become available in the post-transition period, only 40 per cent of households were using it in 1996, with many others deterred by the small additional cost. An estimated 28 per cent of the population have goitre. Iron deficiency is estimated to affect 44 per cent of children under age five, and the prevalence of rickets, caused by Vitamin D deficiency, ranges as high as 68 per cent in some districts, and averages 27 per cent among three year old children (English 1998:12).

Lifestyle related problems

Deteriorating economic conditions in the immediate post-transition period have contributed to an increasing incidence of stress related behaviours. Alcoholism has increased,
especially among men, contributing to family breakdown and exacerbating poverty, especially among women and children. Mongolians have traditionally consumed alcoholic beverages, including fermented mare’s milk (koomiz) which contributes to an elevated risk of alcoholism and also to digestive tract infections associated with unhygienic preparation. Many contemporary urban Mongolians now drink beer and spirits, and heavy drinking and tobacco smoking, often exacerbated by stress, have become common and serious health concerns. Stress and family breakdown are also major causes of the marked increase in mental illness.

Mongolia’s transition to a market economy has thus resulted in a considerable deterioration in health standards. The speed of change and post-transitional economic instability prevented the government from sustaining the pre-1989 flow of revenue to social services and the provision of a welfare safety net for the poor. This led to deteriorating services and basic infrastructure, while at the same time purchasing power decreased and food prices increased. Although a small minority have benefited handsomely from the new economic order, many more have faced increased hardship and a declining standard of living.

Since Mongolia still has the twin advantages of a relatively small population and a large mineral base, there is a good chance that these difficulties could be short lived. This will depend on the extent to which the Mongolian Government is able to find ways of increasing its tax base without penalising the poor, and adopts a development strategy which accepts that short-term welfare costs are long term investments in human resource development.

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The social impact of Indonesia's financial crisis

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In a recent assessment of Indonesia, Jones and Hull (1997:1), two noted Indonesia specialists, wrote:

We have witnessed unprecedented rates of economic growth in Indonesia over the past decade ... We have witnessed a notable shrinking of the number of people in poverty ... and an expansion of the middle class. In education, great advances have been made over the past decade. In health, life expectancy has risen and the infant mortality rate has probably been halved over the past 25 years. In the last six months all these achievements have begun to come unravelled. While it is unlikely conditions will revert back to the beginning of Soeharto's presidency of 32 years ago, in only a few months the country has experienced rapid economic deterioration. The decline in living standards continues unabated, and it will be some time before we can look back and measure the precise nature and cost in human misery. This article makes a start by describing and explaining the social impact of the financial crisis on the 'average' Indonesian family.

The crisis

In reality, Indonesia has experienced several crises. For Indonesia, it began at the end of 1997 as a financial crisis, which developed into an economic crisis that brought about a political crisis, still unresolved, and in turn reinforced the financial and economic problems facing Indonesia. In very broad terms, it began in the wake of the Thai financial crisis with a loss of confidence by the international community in the Indonesian financial system and a move by the international financial markets and domestic entrepreneurs to move out of the Indonesia rupiah. This led to a sudden decline in the value of the rupiah and the near collapse of an already shaky domestic financial system. These financial problems then flowed on to the domestic 'real' economy. Because much of the private sector debt was in unhedged foreign currency, domestic companies found themselves earning rupiahs but having to service debt in foreign currency, dramatically increasing their repayments. This situation worsened when foreign banks began to refuse to honour domestic banks' letters of credit which were essential for companies to buy imports used in the domestic production of goods. Thus, even export companies who theoretically should have been better off under the devaluation found it difficult to obtain the imports necessary to produce goods.

Under these conditions, Indonesia turned to the International Monetary Fund (IMF) for help. A package was negotiated under which the government would receive US$42 billion in return for agreeing to a host of financial and structural reforms. However, the intervention of the IMF in mid January 1998 did not immediately resolve its problems, especially when Soeharto and others in the government began openly to question the agreement, which did little to reassure the international financial community or domestic capital. Eventually, in early April the package was renegotiated with only minor changes. Soon afterwards, however, the government lifted several subsidies on fuel, raising the price of petrol by 71 per cent. This and a host of other price rises created widespread student opposition that soon turned into riots aimed largely at the Soeharto family and the ethnic Chinese community. Under immense political pressure Soeharto stepped down, but the call for total reform by students and other groups and the precarious nature of politics in Indonesia continues, leaving both foreign and, more importantly, domestic capital reluctant to return.

The impact on families

The macroeconomic changes described above have had and continue to have perilous consequences for the majority of Indonesia's people. Conservative estimates by the IMF, World Bank and government officials predict the Indonesian economy will shrink by at least ten per cent over the next year. In other words, as measured by GDP, Indonesia will produce ten per cent less goods and services than it did the previous year. Yet its population continues to grow, and even at the low rate of 1.5 per cent, it will have over the next 12 months an extra three million mouths to feed. Furthermore, given the relatively young demographic profile of the population, in the next 12 months approximately two million new job seekers will enter the rapidly shrinking job market (van Diermen 1997:183). For most of these people there will be few opportunities for employment at home or abroad. Most Southeast Asian countries face rising unemployment. Previous employment opportunities in nearby Malaysia have all but vanished. Malaysia has begun to repatriate its estimated one million migrant Indonesian workers back to Indonesia.

These macroeconomic changes can best be understood by focusing on workers and their families. The financial, economic and political events that have taken place over the last six months have had a devastating impact on wage earners and lower income groups. The devaluation of the rupiah and the removal of a number of price controls and subsidies have caused a rapid rise in the cost of many staple commodities on which wage earners and the poor spend most of their income. For example, the price of rice and sugar has dramatically increased by at least the rate of inflation, which
is running at well over 60 per cent. Other basic food products, such as tempe and tofu, once a staple of the Indonesian masses, have now quadrupled in price, making them unaffordable luxuries for most families. The increasing cost of staples has also reduced the amount of livestock available. For example, chicken, the most common meat in the Indonesian diet, has become scarce in response to the high price of imported corn feed (McBeth 1998:63). The chicken industry has contracted by about 80 per cent, with many small and medium farmers disposing of their livestock and discontinuing production.

A related problem has been the unavailability or high cost of a whole range of medical and health products. Some very basic medicines, such as Betadine antiseptic, used in the prevention of infection, are in very short supply. In other cases the price has dramatically increased. For example, the price of contraception has more than tripled. These price rises and shortages will deny many low income families access to medical help, with obvious immediate as well as long term consequences.

At the same time as prices have shot up, family incomes have plummeted. The closure of businesses throughout Indonesia has seen massive redundancies. While initially many companies tried to keep workers on and reduce their hours of work and wage rates, eventually as the crisis deepened and prolonged, executives were forced to lay off workers. These lay-offs are now estimated to be in the millions. It is officially estimated that 15 per cent, or some 14 million people, are unemployed, and this figure is expected to worsen during the next 12 months. Several unofficial estimates place the number much higher, especially if the government’s measure of ‘employment’ is replaced with a more internationally acceptable definition. In a country where there is no universal welfare system, few people can afford to be unemployed.

Yet unemployment is likely to worsen in the near future, especially after the May 1998 riots which targeted ethnic Chinese businesses. Many small ethnic Chinese business people, who have had their entire livelihood destroyed and their families threatened, have fled to neighbouring countries. Their capital and entrepreneurial expertise will be important for rebuilding the economy. However, given the destruction of their property, the continuing resentment against ethnic Chinese and fears for their families’ safety, it is possible that the majority of them will not return or will keep their capital outside Indonesia.

To compound the problem, there is still another crisis in Indonesia. Over the last 12 months the El Niño weather pattern has created a drought across much of Indonesia, causing widespread crop delay or failure. Last year the country’s main staple, rice, declined by an estimated four per cent, and this year it is expected to worsen. Government rice imports almost doubled last year and will be even greater this year. The imports, however, cannot replace domestic crops on which the majority of rural families rely. Their crop failure and the decline in family income will see the incidence of poverty dramatically increase. It is estimated that the number of poor will increase from 24 million to 42 million, or one in five (Cohen 1997:16). Across Indonesia, the incidence of malnutrition and infant mortality is expected to rise considerably. However, the impact of the drought is not even distributed across the country. Eastern Indonesia has been hit hardest and has reported widespread famine and deaths in the thousands.

Much of the impact needs to be seen in terms of the family, the unit on which economic strategies of survival are based. Individuals, especially wage earners and the poor, design their survival strategies around the extended family. In good times families will have a variety of incomes from fathers, sons and daughters working in factories, and from wives, mothers and children in informal trade and farming traditional land holdings. Labour may also be sold to other farmers if families have little or no land of their own. During times of recession the family becomes particularly important, with those becoming unemployed relying on other family members. The current crises has meant a great number of jobs have been lost both in the formal and informal sector. Families now rely on fewer economically active members to generate income. Moreover, many families have started to deplete what little savings they have and are selling family assets to raise disposable income. Nationwide government-run pawnshops have been inundated with people wanting to sell family possessions to raise money to cover essential costs of food, medicine and clothing. Similarly, small family businesses have either closed for lack of customers or, as some food vendors have done, lent on credit. Such depletion of savings and possessions cannot continue for long. Yet the most optimistic predictions see at least another 18 months of downturn before things can improve. More pessimistic forecasts suggest it will be several years before the economy begins to turn around. In either scenario, most families will have depleted their stock of wealth and drastically reduced their consumption, leading to malnutrition, increased infant mortality, a decline in life expectancy and lower levels of education – the very indicators that Jones and Hull (1997:1) noted had shown such marked improvement over the last decade.

Several further observations can be made about how the unfolding tragedy will impact on families. Women and children in particular will bear a greater deal of the hardship. They will be drawn into the informal sector to generate additional income. While men will also actively seek employment, women will do so in addition to their roles as mothers and home makers. The cost for children comes from being withdrawn from schools in order to help generate income for family survival. Children are being withdrawn from schools both to help generate income and to save on the cost of schooling. While schooling is supposedly free, in practice the large number of costs associated with schooling has made it more and more prohibitive for families...
facing declining income and rising prices. Local Indonesian newspapers have estimated that in many areas up to one third of children are being withdrawn from schools. If this trend persists, the country is in danger of losing a decade of development and gaining a new generation of under-schooled workers.

Poverty will be most widespread in rural areas. Despite the rapid urbanisation of the last few decades, the majority of families are still located in the rural sector. In the last three decades these rural based families have provided a significant proportion of the urban workforce. Rural workers seeking employment by migrating to urban areas rarely take their families with them or break their ties with their extended families. Most often these men, and more recently women, remit money home and periodically return to their villages to meet family obligations. During times of high unemployment, the continued urban–rural link provide a safety mechanism for urban workers who are able to return to their families in the rural villages. The rural areas are said to be much more resilient to economic decline in so far as they are less tied into the monetary economy and the potential exists for supplementing incomes with subsistence agriculture. Early this year, during the Idul Fitri holidays, the government actively encouraged circular migrants to return to their villages by offering free transport home. Since then, many more workers, as they have become unemployed, have returned home to their villages in the rural areas. The result can be characterised as a rapid swelling in the number of rural poor and a smaller increase in the number of urban poor who are more limited in their strategies for survival.

The future

The future is hard enough to predict in stable times, let alone in times of such uncertainty as those that Indonesia now faces. While the meteorologists predict the El Niño effect is coming to an end, the same cannot be said for the financial, economic and political crises. After 32 years under the paternalistic government of the New Order, the nation’s political parties and civil society are ill equipped to handle the human catastrophe now facing them – yet they must. Advice is plentiful: the IMF, World Bank, Asian Development Bank, NGOs and a host of multi and bilateral donor agencies have all offered advice and money. None of this will be enough to provide a quick fix for the country’s problems. Indonesia needs to sort out its financial system, attract foreign and domestic capital back into the country and provide a stable, open government and regulatory system for development to take place. Only under such conditions can employment grow and family welfare improve. While it is generally agreed amongst economists that it will be another 18 months to two years before any real recovery takes place, the question remains, can Indonesian families survive that long, and at what cost?

References

The social impact of the economic crisis in Indonesia

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Introduction

The economic and financial crisis in Indonesia is very severe. The currency has fallen in value by three quarters. The value of stocks in the capital market declined by 60 per cent in local currency, but in dollars it is now only ten per cent of what it was at the onset of the crisis in July 1997. Major corporations, especially those with large foreign borrowings, are technically bankrupt. They have not closed down simply because they no longer repay their debts to both their domestic and foreign creditors. The banking system has collapsed as problem loans increased to an average of 50 per cent and up to 80 per cent for some banks. With deposit rates at above 50 per cent per annum, real interest rates are still negative and banks are no longer providing credit. They placed the funds in Central Bank certificates, which means that the banks are kept alive by the system's lender of last resort.

From an economy that has grown by about seven per cent per annum throughout the past decade, the Indonesian economy is expected to contract by 15 per cent in 1998 and is unlikely to return to a seven per cent growth rate before the year 2003. The rate of inflation, which was kept at below ten per cent for the past two decades or so, is projected to reach 80 per cent this year. With consumer prices continuing to increase, basic commodities disappear quickly from the shops as people begin to hoard. As incomes continue to fall and people deplete their savings, domestic demand has fallen rapidly. At the same time, supplies are also beginning to dry up. Products with high import content are rapidly disappearing from the market. In the first quarter of 1998, manufacturing activities declined by three per cent, but this decline could reach 20 per cent for the entire year.

Food production has been affected by the long drought that struck the country at a most unfortunate time. There have been reports of food shortages in some parts of the country, especially in Eastern Indonesia. Food aid has been pledged by a number of donor governments. The government has also entered the international rice market in a big way and intends to import a total of more than five million tons of rice in 1998. The riots, partly caused by the food shortages, have caused major damage to the distribution of goods, including food, in Jakarta and some other cities. Yet the main problem causing food shortages is essentially the lack of disposable income, caused in particular by the economic meltdown, massive unemployment and a rapid return to poverty among a significant portion of the population.

Who are the most affected?

As yet there are no complete data indicating which groups in society are most affected by the crisis. A recent report to the government by the Central Bureau of Statistics suggests that the number of people living below the poverty line could increase to 40 per cent of the population. In absolute numbers this would amount to about 80 million people. Of this, about 40 million are expected to face serious problems of food security, namely the threat of hunger.

The crisis, it appears, has eradicated, almost overnight, the achievements of the government in reducing poverty. The number of people living below the poverty line had dropped from 70 per cent of the population in the late 1960s to 13 per cent in the early 1990s. Although reports of people dying from hunger have come mostly from remote regions such as Irian Jaya and East Nusa Tenggara, it is likely that a large proportion of the people facing problems of food security are living in Java.

The construction sector has been the first hit by the crisis. Construction activities have been concentrated on Java and rely on labour from Java itself. It has been estimated that about three to four million workers from this sector have been laid off. Before the crisis, unemployment in the country was estimated to be around 4.5 million (or five per cent of the labour force). In addition, about 35 to 40 million were regarded as underemployed, in other words working less than 35 hours per week. Unemployment is likely to increase sharply as the more than two million people entering the labour force each year have difficulty finding jobs. The Department of Manpower recently estimated that unemployment could reach 15 million people or 17 per cent of the labour force by the end of the year (Indonesian Observer, 3 June 1998).

Since a large proportion of manufacturing activities is in Java, the decline in manufacturing would result in significant job losses in Java, especially around Jakarta and West and East Java. These are also the areas where there have been major riots since the beginning of this year. It is difficult to assess whether the riots were triggered by food shortages or by increased unemployment, or both. New evidence seems to suggest that much of the rioting since the beginning of the year, culminating in the devastating riots in Jakarta in May, was organised by certain units in the military. This included the riots in Medan, in North Sumatra, a region that should not be affected so severely by the crisis since it is a primary commodity exporting region.

Indeed, many regions outside Java which export primary commodities, including palm oil, cocoa, hard crops and...
spices as well as marine produce, are doing well. Some of them, including North and South Sulawesi and Ambon, are not feeling the effects of the crisis, and their economies are 'booming'. These regions have recorded large increases in the sales of consumer electronics as well as transport vehicles.

It appears, therefore, that the riots have been triggered by other factors that are mainly political in nature. Regions that experience food shortages and increased joblessness are nonetheless more prone to social upheaval. Such regions are to be found mainly in Java, especially urban Java, which in themselves are the political heartland of Indonesia.

What should be done?

The immediate reaction on the part of the government to the retrenchment of workers from the construction sector was to increase public works programmes in late 1997. Yet these programmes were far too insignificant to have any visible effect. Partly this was because of the lack of mechanisms to implement such programmes and partly because of the limited availability of public resources.

At the end of October 1997 the Government of Indonesia entered into an agreement with the International Monetary Fund (IMF) involving financial assistance of more than US$40 billion to help stabilise and strengthen the currency. For its part, the Indonesian Government agreed to adopt a tight monetary and fiscal policy. The agreement stipulated a budget surplus of about one per cent of GDP, suggesting a fairly tight fiscal situation. From the IMF's point of view, the surplus was necessary for the government to be able to finance the required financial restructuring, including banking restructuring. The argument is that such financing cannot be expected to come from external sources. Private external resources have left the country, and were partly responsible for the crisis, and therefore cannot be expected to be made available. At the same time public external resources cannot be used to solve a problem which is seen essentially as a private sector problem, especially if they involve bailing out private external creditors.

The IMF's prescriptions of a tight monetary and fiscal policy have been widely criticised for making the situation worse. Moreover, tightening the budget in order to finance the restructuring of the banking and financial systems is politically sensitive, because the banking system in Indonesia is dominated by large business groups, a large proportion of which are owned by ethnic Chinese. It is even more politically sensitive given the fact that budget constraints mean reducing social expenditures, including subsidies on food and other basic needs.

In early January, the government presented the 1998–99 draft budget to the parliament for approval. Before the parliament was able to deliberate on the draft, the IMF raised a number of objections, partly because of the budget's underlying macroeconomic assumptions, but mainly because it would be in deficit by about one per cent of GDP. A new round of negotiations with the IMF followed, resulting in a revised draft budget. The revised budget also allowed for a deficit of about one per cent of GDP, although on the basis of the new assumptions the nominal deficit would be even larger. The IMF consented to this change because the economic and social situation had deteriorated sharply, requiring the government to introduce 'social safety net' programmes.

As the situation continued to deteriorate, with riots occurring in a number of places, a further agreement was negotiated in March and April 1998. While the Indonesian Government made further commitments in the area of structural reform, the IMF agreed to be more flexible on the budget, and it was reported that a deficit of 3.5 per cent of GDP would be acceptable. At the same time, the IMF is supporting programmes that would strengthen the social safety net and provide additional labour-intensive public works and employment. It appears, however, that a compromise with the IMF on the budget involves a quid pro quo on the part of the Indonesian Government to gradually eliminate all subsidies, particularly subsidies for fuel and electricity.

On 4 May 1998, the government announced an immediate increase of up to 71 per cent in the price of fuel. This decision came as a surprise to many and was seen as causing the major riots in Medan. It is not clear why the government has not opted for a more gradual approach as allowed for under the agreement with the IMF. In view of the strong public reaction, the government subsequently partially reversed its decision, and in June 1998 the IMF expressed the view that the budget deficit would now increase to 8.5 per cent of GDP. The IMF's extremely lenient position on this issue surprised many, and appears to reflect the desire to avoid being blamed for any further social unrest. This is understandable, given the fact that the IMF's involvement in Indonesia has become so closely connected with the continuing uncertain political developments.

Since the first round of negotiations in October 1997, the IMF has dealt with three governments: the old Soeharto government, the new Soeharto government that lasted two months, and the Habibie government. For these latter governments, social safety nets have become all the more important, partly because the situation has continued to deteriorate, but also because these governments have become politically weaker. The Habibie government lacks political legitimacy, since it is widely seen as a creation and extension of the ousted leader, Soeharto. For the Habibie government, therefore, social safety net programmes are politically very important. There is a concern, however, that such programmes are being implemented as part of the government's new policies that have strong 'populist' overtones.

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A great deal can be said about the necessity and urgency of social safety nets, but they should not be the main focus of government policy. The immediate task is to resolve the crisis and to bring the economy back to its growth path. Social safety nets are only a temporary solution. Moreover, it is doubtful that they can work well in an economic environment that does not show signs of improvement. School dropout rates have increased – some estimates suggest by up to 20 per cent of those in primary schools. To deal with this the government has prohibited public schools to levy extra charges to parents. Although school fees have been low, these extra charges have been high and were necessary to keep the schools in operation. It is unclear whether the government will be able to compensate for the reduction in resources in order to prevent a further deterioration of the quality of public schools. But the supply side is one thing; the demand side is another. Children are kept out of school even though the cost is significantly reduced in order to help meet their families' needs to live.

The economic crisis in Indonesia is a tragic story, especially for the unemployed. Many will be reduced to extreme poverty, and as yet there is no prospect of an end to their hardship. Their numbers are increasing by the day. Social safety nets and public works programmes are better than nothing, but they are not sustainable. The IMF, the World Bank and a number of donor governments have pledged an amount that adds up to about US$14 billion in support of the government's efforts to lessen the suffering of the poor and the unemployed. However, there is a limit to what external assistance can do in this regard. There is no substitute for a revival in economic growth, but there can be little hope of this with a government that is preoccupied with simply increasing its popularity.

References
The impacts of the Asian crisis and associated IMF initiatives upon rural women workers in Indonesia

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In 1996-97 I lived in a very densely populated region in rural West Java for ten months to conduct research into the impacts of industrial development upon poor rural factory women. My findings were disturbing, but at the same time indicated some hope for the future of young women involved in the development process in Indonesia. At that time Indonesia was at the peak of its economic boom period. Despite this, the factory women I studied did not receive an appropriate share of the benefits of development. More than any other factor, including globalisation, modernisation, patriarchy, and Western capitalism, the Indonesian state was the most inhibitive factor interfering with the factory women's ability to share in the benefits of development. This finding was more than apparent before the Asian crisis began. By mid-1998, with the almost complete crash of Indonesia's economy, combined with high inflation, mass sackings and widespread social upheaval, the women I studied, together with their families, will undoubtedly have suffered enormously. This is due mainly to the price increases associated with the crisis, the drying up of foreign investment which drives industrialisation in Indonesia and the closure of many banks, as well as the removal or restriction of government subsidies on many staple foods and commodities such as rice, cooking oil and petrol. Most of these price rises are the result of inflation and International Monetary Fund (IMF)-induced austerity measures. After condoning 30 years of oppression, corruption and crony-capitalism, Soeharto style, the IMF measures are too little, too late.

In 1996 and during most of 1997, the Indonesian economy appeared to exhibit all the signs of a successfully developing country reliant on foreign investment and industrial development. Economic growth had averaged over seven percent per annum in the 1990s, the manufacturing sector had typically overtaken agriculture in terms of value to GDP, and per capita GNP had steadily increased. Education and health indicators showed signs of improvement, and illiteracy and poverty rates had fallen dramatically. Indonesia's GNP per capita income had risen markedly to US$1,000 in 1996 (Badan Pusat Statistik 1996). By late 1997, however, Indonesia's economy was in crisis, with massive declines in investment and in the value of the rupiah, resulting in widespread retrenchment of labour. This crisis caused GNP per capita incomes to halve in nominal terms in six months, highlighting the fact that measurements based on 'per capita income' are not an ideal way to measure development outcomes per se. I predict with certainty that the impacts of the Asian crisis upon the factory women and their families I studied will be devastating. The purchasing power of their already low wages will have decreased and employment opportunities will have fallen drastically. There is also evidence that suggests that increased exploitation by factory management was taking place in an attempt to offset the effects of the crisis.

Average GNP per capita incomes, whose steady growth since 1975 have been claimed to represent decreasing poverty, were more representative of the massive accumulation of wealth at the elite level in Indonesia and the manipulation by the state of social data. Measurements such as GNP or GDP are gross estimates. They ignore social realities of poverty and inequality which are so obvious in Indonesia, and focus only upon selected sections of the economy.

Rural factory women

Wages for Indonesian women employed in the export-oriented manufacturing sector are the lowest in the whole of Southeast Asia, and in some sectors even lower than those in China and India. According to the indices of manufacturing labour costs per hour, Indonesia had the lowest wages in the world in 1993, at US$0.28 per hour (Stewart 1994). The women I studied were only earning US$2.50 per day in 1996-97. By 1998 the value of these wages had dropped to the equivalent of US$0.50 per day, or less. The crisis had caused inflation rates to double and the price of staple foods to rise by as much as 70 per cent in six months. This in effect meant that the wages of the women I surveyed in 1996-97, whose incomes were strictly budgeted for the survival of their family at that time, would be virtually useless and not able to sustain even one person by mid-1998.

Before the Asian crisis occurred, the most significant aspect of my research related to the financial contributions of the factory women to their families, as well as to important social outcomes of employment of young women, such as increased social status. The findings showed that factory wages were predominantly used by women to support their families, the improvement of the prospects of younger siblings and for the benefit of the workers themselves. Despite their extremely low wages, many women managed to be important financial contributors to their household.

The 1996-97 data obtained from the 323 women surveyed indicated that they contributed, on average, 38 per cent of their incomes to their families every month. However, many gave significantly more than this amount. Average monthly incomes were about 142,000 rupiah. Just over one third contributed at least 50 per cent of their wages to their families, and 16 per cent contributed 80 per cent or more.
of their income every month to their families.

The wages of the female factory workers were extremely beneficial to the social, physical and spiritual well-being of the families I studied. They often worked many hours of overtime in an attempt to achieve relative financial security for their families. Small factory incomes were usually budgeted to allow for the factory workers' transport and food costs, which were comparatively high, and occasionally a few luxury items. The remainder was spent on food, clothing, education or medicine. In these ways, as well as in countless others, the factory women contributed directly to their household, village, regional and national economy. They were also contributing significantly in less visible ways, by providing a positive example to other women and challenging traditional household organisation, local culture and the overall political regime in Indonesia.

As a result of the crisis, local food and transport costs have increased by at least 50 per cent between June 1997 and June 1998. According to my data, this increase would absorb over 90 per cent of the women’s daily wages due to inflation and decreased purchasing power, leaving virtually nothing to sustain themselves or support their families.

The local economy

While it may not be possible to measure the importance of factory women’s wages to the local community, it is certain that they made a substantial contribution, mainly due to the fact that the women rarely left their local area. Tens of thousands of young factory women spent their wages locally. Food sellers, transport providers, supermarkets and local markets were crowded with young female factory workers every day. Local transport was dominated by factory women during peak hours. Village economies also benefited from factory workers, who required specialised transport, food and other services. The decline in the value of the rupiah means that few benefits can now flow from the wages of factory women to the local community. This will deal a serious blow to the factory women’s status, since women have only recently been accepted as major income earners and contributors to the public economy.

The crisis in Indonesia

Between July 1997 and January 1998 the value of the Indonesian rupiah declined by over two thirds. Investment interest, especially from outside Indonesia, declined dramatically and, in early October, President Soeharto took the unprecedented step of asking for help from the IMF. The IMF responded by offering a financial package designed to reassess confidence in the Indonesian economy through the injection of massive funds. In return, the IMF insisted that the Indonesian Government and the nation’s banking system become more transparent, state monopolies on food be disbanded and many mega-projects, dominated by Soeharto’s children, be scrapped (Leahy 1997). The IMF sanctions did not work and many argue, with credibility, that the IMF simply created financial panic and exacerbated Indonesia’s economic crisis. Soeharto resigned in June 1998. While living standards and employment continued to decline, the IMF package remained ineffective, unable to curb the drastic demise of Indonesia’s once booming economy. The question that needs to be asked is: was the Indonesian economy booming in the first place, or was it simply unrealistically buoyed up by corruption and exploitation?

The IMF recognised the impacts of crony-capitalism and rapid ‘exclusionary’ industrial development in Indonesia, both of which have significantly contributed to the largest economic crisis in the nation for decades. However, the IMF has little concern for the micro-outcomes of this crisis, and incorrectly assumes that if the nation’s macro-economy is stabilised, these benefits will positively filter down to the workers. The research I conducted has shown the chances of this happening are extremely remote. The lack of investment and tight constraints on development in Indonesia will have the most serious impact on the nation’s poorest families who have come to rely on industrial employment. The proposed US$23 billion ‘bail out’ by the IMF will do very little for the poor in Indonesia, but will provide crucial support to enable the Indonesian regime to continue to exclude the majority of its people from the benefits of development.

If the initial causes of the crisis could have been avoided — causes which were undoubtedly linked to corruption in government and banking, cronyism, elitism and the consequent building of economic monopolies and oligopolies — Indonesia would have been at least partially insulated from the currency crisis. Considering the importance of the female workers I studied to their families and local economies, it would have been far more prudent for Indonesia to direct its development resources away from the elite to the poorer sections of the society. Not only would this have developed a more diversified and insulated economy, it would also have helped to ensure that the benefits of development were more equally distributed.

To facilitate recovery ‘IMF style’, the manufacturing sector will seek to rationalise labour costs. Rationalising labour costs in a nation with already unhumanly low wages and very poor working conditions means widespread loss of jobs and increased exploitation of the remaining labour force. In a recent interview, Bomer Pasaribu, the chairman of the All-Indonesia Worker’s Federation of Trade Unions claimed the crisis would cause unemployment in Indonesia to jump from 7.7 per cent in 1996 to 13 per cent in 1998. Bomer stated that the only way for this impact to be countered by the government was if it slashed illegal levies (corruption) which caused invisible costs amounting to 14 to 19 per cent of total production costs, twice the nation’s labour costs. Bomer also criticised the IMF package for its lack of concern for workers’ rights (Jakarta Post, 15 November 1998).
Such a rapid increase in unemployment, as predicted by Bomer, eventually led to increased labour unrest, increased political instability and widespread violence in the industrial regions of Indonesia.

One important lesson which needs to be learnt from the crisis in Indonesia is that the evaluation of developing country economies needs to take greater account of social factors than economic theory or the position of a political elite. Any nation that exhibits extraordinary levels of corruption-led inequality, such as Indonesia, should never be considered to have sound macroeconomic infrastructure. Any nation whose levels of social justice are extremely poor, as measured by the position of young female factory workers I studied, should not be labelled an economic success story. The reality of the lives and attitudes of these women provides ample evidence of this.

Development cannot currently take place in Indonesia without unnecessary state intervention. The state will not allow development to proceed unless its elite stands to profit personally. As a result, the state tightly controls development to ensure that it does not empower the majority, as it should. Indonesian authorities are particularly dishonest in the way they encourage women to participate in manufacturing but at the same time ensure that only the state benefits from this participation. The Asian crisis represented the Indonesian state’s ultimate test: a test of whether it had any genuine concern for the welfare of Indonesia’s poor, its factory workers and its excluded people. The mass riots in Indonesia in May 1998, with hundreds of deaths and the forced resignation of Soeharto, are testament to the failure of the state to pass this test.

Endnotes

1. The majority of the 323 women I surveyed were financially supporting two to four family members with their meagre factory wages in 1996–97 before the crisis began.
2. Bomer Pasaribu revised these estimates in January 1998 due to the worsening of the economic crisis, stating that unemployment would rise well above the 13 per cent he previously predicted for 1998 (The Australian, 17 January 1998, 11).
3. One of the factories I originally studied was re-examined after the crisis began in 1998. It had laid off 25 per cent of its female workforce and increased the exploitation of those still working there.

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Indonesia’s family planning programme: Swept aside in the deluge?

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A year after the collapse of the Thai currency signalled the start of the financial crisis of Southeast Asia, newspapers throughout the region carry a steady stream of speculative articles on the likely impact of the crisis on the social, cultural and economic welfare of millions of victims. Among the fears is the possibility that two decades of progress in providing family planning services and reducing fertility could be reversed by economic depression and government upheaval. Nowhere is this fear more prominent than in Indonesia, the fourth most populous nation, and largest population of adherents of Islam in the world. This paper both questions and confirms the notion that the Indonesian family planning programme is in trouble. It is in trouble, but the troubles are rooted in problems long predating the current economic crisis. Ironically, both the crisis and the political and economic reforms called for by a newly activated public, may lead to long term improvements in the quality of health and family planning services.

The Indonesian family planning programme: recent history and success

When governments met in Cairo in 1994 to review and reconsider issues of population and development, Indonesia was held up as having one of the most successful examples of government organised family planning programmes in the developing world. Fertility had nearly halved between 1968 and 1992, and the number of married women of childbearing age using modern contraceptives had risen from less than one in 20 to nearly half. Certainly the rapidly growing economy and the attainment of almost universal primary schooling could be identified as major factors reducing the demand for offspring, but government’s role in making contraceptive information and services available to virtually all married women in the sprawling archipelago stood out as a key to the adoption of family planning by the population.

The Indonesian delegation to the Cairo Conference played a prominent role in fashioning changes to the International Conference on Population and Development Plan of Action (ICPD-POA). On his return to Jakarta, Minister Haryono Suyono announced that the world had looked with favour on the family planning movement in Indonesia, He particularly noted the interest in approaches that stressed and strengthened family values. The Indonesian delegation, and the Indonesian press, paid less attention to what the UN Population Fund saw as the major breakthrough of Cairo, the statement of a more comprehensive ‘reproductive health’ approach to family planning issues which set the Plan of Action in a ‘rights’ framework. For instance, Chapter 7 said that family planning should ‘help couples and individuals meet their reproductive goals; to prevent unwanted pregnancies and reduce the incidence of high risk pregnancies and morbidity and mortality; to make quality services affordable, acceptable and accessible to all who need and want them’ (UNPF 1995:31). The document went on to stress the need for men to take a more active role in promoting reproductive health through both disease control and contraception, and the importance of government action to empower women, promote the interests of the girl child, and realistically face the reproductive health needs of adolescents.

Changing emphasis: From coverage to quality of care

When a few women’s groups and NGOs had raised questions about both the voluntarism and the quality of family planning services in the early 1990s, the central government had agreed that it was probably time to move from the stage of programme outreach to consolidation of better approaches to patient care and safety. Nonetheless, when it came time to turn words into actions, hesitancy replaced support. Change was seen as involving a trade-off between coverage – and hence impact on fertility – and quality of care, which some officials assumed to involve greater cost per patient, and the risk that patient complacency would reduce use. When faced with such a choice, the government seemed to fear that investments in quality would imply the sacrifice of hard-won achievements.

If that were the whole story, it might have been possible for the Indonesian women’s groups and NGOs to address the family planning quality/quantity trade-off with well designed research into the operations of the family planning programme on the ground. Around the world, governments were pondering the issue of meeting the reproductive health needs of poor women through family planning and health programmes which were chronically strapped for cash. Large amounts of research had been designed and carried out in a variety of poor settings. These experiences pointed to the need for more support from rich countries, and this was a call registered clearly in the Cairo document. But beyond that there was the need for nations to mobilise domestic resources, both financial and human, to inject better quality into the services and options they provided their citizens. From this perspective, quality was not defined as an air-conditioned clinic so much as a truly caring physician, making judgements and providing information on the basis of their patients’ overall health and economic situations. While expensive contraceptive technologies might be useful, they would only be considered with care, and a full awareness of the complementary resources, check-ups and services...
required to ensure their safe and effective use. Moreover, the foundation of quality reproductive health was found in the attitude of respect for the patient, irrespective of sex, marital status or personal reproductive goals. Creating such quality in service delivery programmes is more a matter of changing the attitudes and behaviour of service providers and policy makers rather than purchasing technologies and equipment. Unfortunately these insights did not inform the Indonesian family planning movement in the mid-1990s, so the women’s groups and NGOs found themselves shouting at the voluntarily deaf. But why was the programme deaf to such issues?

Internal bureaucratic conflicts

Discussion about reproductive health in Indonesia was split by two distinct bifurcations. These can be characterised as BKKBN (National Family Planning Coordinating Board) versus Health Department and central versus provincial administration. The first split was the result of the long-standing competition between the BKKBN and the Department of Health (DEPKES). The former had the official duty of coordinating the activities of other government and non-government institutions charged with providing family planning services, but over time coordination extended to implementation. By the 1990s the BKKBN had a huge network of paid and volunteer workers to motivate people to use family planning, and to organise a wide variety of welfare activities which were presumed to have some influence in motivating contraceptive use. By contrast DEPKES, through its hospitals, clinics, and sub-clinics, provided the actual contraceptive services. Short of staff and poorly organised, DEPKES was jealous of the BKKBN’s large budgets and resentful that the ‘family planning success’ tag was applied to what they regarded as the public relations side of the programme, rather than the real services. This bureaucratic split meant that neither organisation had much motivation to raise the quality of care. For the BKKBN it would mean focusing attention on health services outside its administrative control, and for DEPKES it would mean self-criticism of activities which formed only a small portion of their agenda.

The second split developed during the 1980s and became more obvious as Indonesia embarked on an attempt to change policies in response to international comment and criticism. In the early 1990s, at the level of the central government agencies, the rhetoric of personal choice, client rights and improved quality of care gained prominence in workshops, seminars and research projects. In early 1993, Minister Haryono announced that the ‘target’ system of chasing after ‘family planning acceptors’ was being abandoned, in favour of a service delivery approach designed to fulfil client demands for contraception. What this was to mean in practical terms was that programme officials would no longer be rewarded on the basis of the number of people cajoled into using contraception, and special weight would no longer be given to the promotion of programme preferred contraceptive methods. Targets had also been a major consideration in the appointment and promotion of senior government officials, so in the long run the implication was that political pressures on family planning implementation would be relaxed as administrators paid more attention to what women wanted, rather than what bureaucrats construed.

Over the next few years senior bureaucrats in the central offices of the BKKBN struggled to reform the programme, changing the documentation of recording systems, replacing the ‘Indonesianised’ English word ‘target’ in reports with the awkward acronym PPM (perkiraan permintaan masjarakat – estimates of community requests). At the provincial and local levels, however, these linguistic gymnastics took a long time to bring about change. Officials charged with the task of implementing the programme in regency and sub-district found it easier to explain the PPM as ‘a new name for targets’. They were also remarkably forthright in explaining that the various sanctions and incentives of the old target system were essentially still in force under the new names. Ironically, the central office’s calculation of ‘community demand’ published in the annual PPM figures was not based on any empirical assessment of women’s desires with regard to either the methods or associated services for family planning. Instead, the figures for each province and regency were based on the computer programme ‘TABRAP-CONVERSE’, developed by the Population Council in the 1970s to calculate the numbers of contraceptive users needed to meet specified birth rate targets.

Because of these persistent conflicts within the Indonesian family planning movement, attempts to promote quality of care and monitor patient services were chronically handicapped. Within the central bureaucracy, officers involved in service provision in the Ministry of Health had limited ability to monitor and respond to complaints about family planning service, since these would be seen as interfering in the responsibilities of the BKKBN. Rhetoric of quality at the central bureaucratic level could not be effectively transmitted to local levels without a major overhaul of the administrative goals and operating procedures linking the national and local governments. The result was that the illusion of success created through statistics on fertility decline and apparent use of methods would be relaxed as administrators paid more attention to what women wanted, rather than what bureaucrats construed.

Response to the crisis

As the Soeharto regime began to unravel in late 1997, some of the most anguished public cries of fear related to two issues. First, there was the fear that the skyrocketing cost of medicines would lead to misery and death from untreated diseases. Second, policy makers and some international observers spoke of concern about a potential baby boom as contraceptive supplies were priced beyond the reach of most Indonesians. The press coverage of the issues was simplistic
in linking these dangers to the financial crisis, often with the unquestioned implication that a strong health and family planning programme might be brought to its knees due to the intransigence of international banks and the IMF. In fact, the programme was both weaker in some areas and stronger in others than most observers realised. As outlined above, the weakness was in terms of overall administrative coherence, effectiveness and commitment to the provision of quality services. The strength, ironically, came from the close collaboration between the central government agencies and the donor community, and the unquestioning commitment of policy makers to a policy of subsidising drugs.

**Escalating costs**

In the first months of 1998 it seemed clear that the health and family planning programmes were in trouble as pharmaceutical costs rose dramatically with the collapse of the rupiah. For some years the local content of drugs had been declining, so declines in the value of the currency translated almost directly into increases in drug prices. To counter this, the government guaranteed an artificially low rate of exchange for imports of medicines, and a similar subsidy for the commercial import of contraceptives.

Donors were also asked to provide contraceptives on a grant or highly subsidised basis. The governments of Finland and the United States and the United Nations Population Fund moved quickly to support the more expensive forms of contraception such as the implant. Calculations were made of the 'contraceptive shortfall', and appeals were generated to help the Indonesian government to overcome the impact of the financial crisis on contraceptive availability. As a result, the numbers of women recorded as newly using and continuing to use contraception did not collapse in early 1998 as many had feared. Instead the family planning figures remained remarkably stable through April 1998, with hints of a downturn apparently related more to the disruption of the reporting system than any significant decline in services.

**Future prospects**

It may be that the health system, and by extension the family planning service delivery system, will suffer substantial degradation in 1998 and into 1999 as the Habibie government struggles to respond to calls for reform, while simultaneously rebuilding a devastated economy and preparing for elections. Already local newspapers and keen observers of the primary health care system have noted clinics shutting down due to lack of supplies, and medical personnel have complained that salaries have not been paid for months. In the isolated and difficult regions of Eastern Indonesia, the government has been unable to maintain contract doctors and midwives, with the result that clinics designed to have two or three general practitioners are often run by paramedical staff.

At the same time the Minister for Health has established a 'reform team' to analyse and advise on changes needed to rid the ministry of collusion, corruption and nepotism. Ambitious plans are mooted to upgrade hospitals, revamp blood banks and overcome outbreaks of infectious diseases like dengue, tuberculosis and malaria. The new Minister of Population and Chair of the BKKBN, Professor Ida Bagus Oka, has moved quickly to distance himself from many of the more questionable projects of his predecessor (and now Coordinating Minister), Professor Haryono Suyono. Haryono had carried the BKKBN into a wide range of family welfare approaches increasingly removed from the question of the provision of high quality family planning services. He also oversaw the expansion of commercial contraceptive activities, utilising companies headed by prominent political figures. Oka has called for tighter attention to auditing financial flows, and a concentration on the core business of family planning services.

**The need for structural and organisational changes**

The economic crisis in Indonesia was certainly one of the precipitating factors producing the reform movement and the change of government. In the short run, the government and donors have had to grapple with the implications of currency collapse for the cost of providing health and family planning services. They seem to have been successful in this. Beyond the simple matter of costs, there are a range of structural and organisational changes needed to ensure that people have access to services appropriate to their needs. These are problems rooted in practices developed over a quarter of a century. There is no reason to fear reforms to the health and family planning services if they are directed towards the improvement of quality of care. A reformed bureaucracy might very well find that services geared to the needs of patients, and involving a genuinely educative preventive medical approach, provides a better foundation for future development than the target oriented, curative, top-down model pursued under the New Order government of Soeharto. The 'deluge' of the financial crisis may yet deposit a rich soil in which to nourish a new programme to improve the reproductive health of the nation.

**Reference**

The economic crisis and the poor: Thailand

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The crisis

In early 1996 Thailand was the darling of the international development set. Agencies like the World Bank, the International Monetary Fund and the United Nations Development Program were celebrating Thailand's overall economic performance as a model of sustained development. Over almost a decade, Thailand had experienced a boom in which its economy had been the fastest growing in the world, with moderate inflation and seemingly healthy foreign exchange reserves. The present crisis has changed all that. Internationally, Thailand has been reviled as the initiator of a 'contagion effect' that infected the financial markets of Southeast and East Asia, undermining economic and political stability and bringing hardship to millions of people. Countries as far away as Australia and the United States nervously anticipated the inevitable negative effects on their exports. Japanese banks dreaded the prospect of massive non-repayment of loans. The very commentators who had previously been so impressed by the Thai experience now cited it as an example to be avoided.

During the boom, it was frequently said that the rapid growth was failing to produce benefits for the poor. The faster the growth, it seems, the more it is despoiled. When the growth stops, these statements are not heard. But if economic growth really offered little for the poor, as claimed, the reverse would surely apply as well: the cessation of growth, as in the present economic crisis, would present few if any hardships for poor people. The evidence clearly indicates otherwise.

The crisis has produced genuine hardship for both rich and poor people. Money wages for unskilled workers actually fell for many of those fortunate enough to retain their jobs, while food prices continued to rise. For the hundreds of thousands who lost their urban sector jobs, the immediate prospects were grim. Many returned to the rural areas, but continued drought, agricultural mechanisation and the presence of vast numbers of illegal immigrants from Burma and Laos meant that their prospects in rural areas were not promising either. The rich were seriously affected as well, especially by the collapse in asset values, increased interest rates and the increased cost in domestic currency of servicing foreign debt. In Bangkok, a Sunday market quaintly called 'the market for the formerly rich' developed in what is normally a busy street, in which upper income and middle income people devastated by the crisis could sell off personal possessions acquired in happier times.

Causes of the crisis

In Thailand as well as elsewhere, ethically deficient currency speculators have been blamed for these consequences, but the financial panic was the culmination of much deeper forces. First was the economic boom, extending over the previous decade. From 1988 to 1995, Thailand's real GDP grew at over ten per cent per year. Indonesia and Malaysia were not far behind and the Chinese economy was also booming. In each of these economies, the boom was fuelled by dramatic export growth and high levels of capital inflow, consisting of both direct foreign investment and speculative portfolio investment. In Thailand, the result was unprecedented business optimism, reflected in enormous property market speculation and construction in Bangkok. Risk taking was paying off.

All this ended in 1996. Much of the investment in real estate and commercial office space proved to be financially non-performing, destroying many of the companies which had financed it. Why had investors acted so imprudently? Euphoria induced by almost a decade of high growth was the major reason. The classic bubble economy is one in which real estate prices continue to rise well beyond levels justified by the productivity of the assets, but so long as the prices continue to rise, existing investors are rewarded and collateral is created for new loans to finance further investment, and so on - until the inevitable crash. Unrealistic expectations of continued boom are the underlying fuel for this process. These expectations are generally possible only after several years of sustained boom. The boom therefore generates the mechanism for a crash. This is why economic booms almost never peter out gradually. They collapse. In these respects, Thailand's financial panic was similar to many previous examples around the world, including the Mexican crash of 1994.

In the case of Thailand, there was another, less well understood cause for over-investment. Banking licences in Thailand are highly profitable. The issuance of new licences is tightly controlled by the Bank of Thailand. It had become known that the number of licences was to be increased significantly, and Thai finance companies immediately began competing with one another to be among the lucky recipients. To project themselves as significant players in the domestic financial market, many companies were willing to borrow large sums abroad and lend domestically at low margins, thereby taking risks they would not ordinarily contemplate. With lenders eager to lend vast sums, real estate was a favoured investment because purchase of real estate requires almost no specialist
expertise, only the willingness to accept risk.

Rumours of impending devaluation circulated throughout 1996, largely because of the export slowdown in that year. The rate of export growth declined from around 20 per cent in the previous year to approximately zero in 1996. The current account deficit rose to an unsustainable 8.3 per cent of GDP. Several forces contributed to the slowdown of exports, but policy decisions played a major role. By pegging its currency to the US dollar, Thailand was badly affected by the large depreciation of the Japanese yen relative to the dollar which had occurred since 1995. While the baht remained pegged to the US dollar, it thereby appreciated relative to the yen by more than 12 per cent. On international markets, Thai goods became more expensive, relative to Japanese goods, and sales fell.

Thailand’s capital market liberalisation also contributed to the crisis. The economic boom since the late 1980s had encouraged the Bank of Thailand to remove almost all of its earlier restrictions on movement of financial capital into and out of Thailand. In part, the hope was to turn Bangkok into a regional financial centre, taking advantage of what was then expected to be an exodus of financial institutions from Hong Kong prior to the 1997 hand over to China. But the liberalisation meant that speculative attacks on the baht were now much easier than previously. To attract large volumes of financial capital into Thailand it was necessary to demonstrate not only that entry was unobstructed, but that the exit was open as well.

The immediate cause of the crisis involved exchange rate policy. Since the late 1950s the exchange rate between the baht and the US dollar had been tightly controlled by the government’s central bank, the Bank of Thailand, and since 1984 the rate had been maintained at around 25 baht/US$. The commitment to a fixed exchange rate meant that the Bank was determined to maintain its pre-announced policy of supporting the fixed rate, but could do so only by depleting its reserves of foreign exchange.

The Bank maintained this stance for far too long. The enormous volume of funds presented to the Bank for conversion into foreign currency surprised everyone, not least the Bank itself. As the reserves dwindled, speculative pressure on the currency accelerated. These events culminated, on 2 July 1997, with the decision to float the baht. The rate immediately moved to 30 baht/US$. Confidence in the country’s financial system had by then deteriorated so much that the rate continued to slide. By January 1998 it was 55, recovering by March to 40. Late in 1997 IMF assistance was requested, in return for which a stringent package of financial measures was required.

What happened to Thailand was over-confidence, based on a long period of sustained boom. It seemed that the business practices and government policies that had been so successful in the past should be maintained. Why wouldn’t they continue to work well again? Unfortunately, the international environment had changed. Once the over-confidence was punctured, the boom came crashing down. Thailand’s very success contained the seeds of its undoing.

Economic growth and poverty: an inverse relationship?

The periodic Socio-Economic Surveys (SES) conducted by the National Statistical Office (NSO) provide virtually the only source of reliable data on poverty incidence that can be compared over time. Despite the limitations of the data, a clear picture emerges. Although relative inequality increased during the period of rapid growth, the incidence of absolute poverty fell dramatically, from almost 30 per cent of the total population in 1986 to less than ten per cent in 1994 (Table 1). This decline was not confined to the capital, Bangkok, or its immediate environs, the Central Plains. In fact, the largest absolute decline in poverty incidence occurred in the poorest region of the country, the North East.

Did economic growth contribute to poverty reduction? It is obvious that, over the long term, sustained economic growth is a necessary condition for large scale poverty alleviation. No amount of redistribution can do this. But what does the evidence indicate about the short run relationship between aggregate economic growth and poverty reduction? The data summarised below cover the period 1975–76 to 1994, for which data on poverty incidence are available for seven rounds of the SES survey. When the rate of economic growth during the intervals between SES data points is graphed against measured changes in poverty incidence over the same periods, we obtain the relationship shown in Figure 1.

Although the number of data points is small, the implications seem clear. Economic growth was strongly associated with reduced levels of absolute poverty incidence. Rapid growth from 1976 to 1981 coincided with declining poverty.

Table 1 Thailand: poverty incidence and income distribution (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Absolute poverty incidence</th>
<th>Relative inequality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Head count ratio</td>
<td>Income share by quintile</td>
</tr>
<tr>
<td>1981</td>
<td>23.0</td>
<td>Quintile 1 (poorest)</td>
</tr>
<tr>
<td>1986</td>
<td>29.5</td>
<td>Quintile 2</td>
</tr>
<tr>
<td>1988</td>
<td>22.2</td>
<td>Quintile 3</td>
</tr>
<tr>
<td>1990</td>
<td>16.6</td>
<td>Quintile 4</td>
</tr>
<tr>
<td>1992</td>
<td>13.1</td>
<td>Quintile 5</td>
</tr>
<tr>
<td>1994</td>
<td>9.6</td>
<td>Quintile 6</td>
</tr>
</tbody>
</table>

Source: Bangkok Post, Year-end economic review, December 1996.

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incidence. Reduced growth caused by the world recession in the early to mid 1980s coincided with worsening poverty incidence in the years to 1986. Finally, the economic boom of the late 1980s and early 1990s coincided with dramatically reduced poverty incidence. The evidence provides no support at all for the notion that economic growth is bad for the poor in absolute terms. On the contrary, the data show that the rate of aggregate growth is an important determinant of the rate at which absolute poverty declines, even in the short run. Reduction of poverty incidence must obviously depend on more than just the aggregate rate of growth, but the evidence shows clearly that faster growth has been associated with faster reductions in absolute poverty.

Figure 1 reveals a further significant point. The rate of economic growth at which poverty incidence remains constant is not zero, nor is it the rate of population growth, currently around one per cent per year. According to the data, the rate of growth at which poverty incidence is stationary is at least six per cent. With growth above that level, poverty falls; when growth falls below six per cent, poverty incidence rises. This empirical observation has major implications for the way the present crisis will affect the poor.

In 1997 Thailand’s real GDP growth rate was almost zero (minus 0.4 per cent), and the National Economic and Social Development Board projects growth of minus seven per cent in real terms in 1998. Extrapolating the relationship between growth and annual changes in poverty incidence, as shown in Figure 1, we obtain an estimated increase in poverty incidence over these two years of 14 per cent. If these calculations are roughly correct, they mean that around eight and a half million people will have moved from incomes above the poverty line to incomes below it in just two years. Whereas poverty incidence was probably around eight per cent of the population in 1996, by the end of 1998 it could be 22 per cent, eliminating almost all of the dramatic reductions of poverty incidence achieved since 1981. If growth remains below six per cent beyond 1998, poverty incidence can be expected to rise even further.

### Conclusion

What of the future? Despite the hardship it will bring, the large depreciation of the baht that has now occurred will stimulate the exports required for short term recovery. The long term future remains uncertain. Thailand’s industrialisation was based on cheap labour, but that era is essentially over. This is made clear by the increases in real wages that occurred in the early to mid 1990s. It is now vital to move to more skill-intensive modes of industrial production. At similar stages of their own development, Taiwan and Korea had invested heavily in education. Thailand lags badly, especially in secondary education. Enrolment rates remain very low, even by Southeast Asian standards. Secondary education is a prerequisite for effective vocational training, and development of Thailand’s base of skilled labour requires that secondary school enrolment rates increase significantly. A massive investment will be required.

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The roots of the Thai crisis: A failure of development

Srisuwan Kuankachorn, Thai NGO Project for Ecological Recovery

Before discussing the impacts of the present economic crisis in Thailand, it is important to begin by defining what the crisis means to different groups in Thai society. For technocrats and establishment economists, the crisis is largely the result of currency fluctuations and macro-economic policy mistakes. Others have taken what might be called a conveniently retrospective view. They blame technocrats in the Bank of Thailand and other senior policy makers for mismanaging the economy, or politicians for being ignorant about financial matters. This group has been particularly critical of the Bank of Thailand’s decision last year to spend a huge amount of public money to fend off the attacks of international currency speculators and defend the Thai baht.

Variations of these two views have become the dominant explanations of why Thailand is now in crisis. Similarly, the remedy that these mainstream commentators put forward for how the government should solve the problem, has also assumed major prominence. They argue that the Thai government must do everything it can to restore international confidence in the economy. That means an acceptance, at least among the policy making elite, that Thailand should follow the dictates of global financial institutions like the International Monetary Fund (IMF) and the World Bank.

The real issue is that the dominant model of development in Thailand — a model of rapid, large scale development, totally dependent on foreign capital — is wrong. In this sense, the economic crisis is not just about currency problems, but is about the prevailing model of development. This is the view put forward by some progressive academics and social commentators, as well as by many in the NGO movement.

The roots of the crisis

If we accept this analysis, the crisis has its roots in policies made 40 to 50 years ago, when there was a huge effort by the World Bank and economists from the United States to pressure policy makers in Bangkok to open up the economy to foreign investment and technology, and rapidly develop the country’s economy. These policies were supported very strongly by Thai students who had graduated from US universities. The United States and other Western countries were very active in creating a number of scholarships and education programmes for Thai students to study overseas, funded by a number of organisations, in particular the United States Agency for International Development (USAID). On their return to Thailand, many of these students, who were members of the Thai elite and high level technocrats, not only supported the dominant US economic model, but also many of the values that underlined it. A similar process happened in many other Asian countries, not only in Thailand.

The background to this history of IMF and World Bank involvement in Thailand is related to a deeper international political factor, the ideological conflict between the US and communism. To counter the threat of communist expansionism, the United States exerted considerable effort to encourage the rapid development of Thailand’s economy. The establishment in 1959 of the National Economic and Social Development Board (NESDB), the top development planning agency in Thailand, was a clear manifestation of this effort.

From the start, World Bank consultants played an instrumental role in the process of the NESDB’s formation. They were also important in the establishment of a number of other state mechanisms to promote growth, such as the Board of Investment, which was set up to facilitate foreign investment by providing a broad range of incentives to foreign companies, such as tax exemptions. Not only did the NESDB centralise economic planning, its thinking was based on the concept that wealth should be created in certain sections of the economy, mainly through resource extraction, and foreign corporations should be invited into Thailand for this purpose. Once wealth was created, it was argued, it would be redistributed or ‘trickle down’ to satellite sectors in the economy. Of course this did not happen. Instead, the gap between the rich minority and the poor majority widened, and in the process much of our natural environment was destroyed.

Through its lending, the World Bank also determined Thailand’s development priorities. It was the World Bank that initiated the establishment of the Electricity Generating Authority of Thailand (EGAT) in the early 1960s, with the rationale that increasing electricity generation was vital to economic growth, and that an organisation such as EGAT was necessary to monitor and encourage growth in this sector. The World Bank has provided funds for every large scale hydroelectricity project in Thailand.

IMF dictates

In the early 1980s, Thailand experienced a financial crisis as a result of a sharp rise in oil prices and the growing inability to service its debt, much of which had been incurred from World Bank loans for hydroelectricity dams and other large infrastructure projects. The IMF responded by imposing a prescriptive structural adjustment programme very similar to the one Thailand is currently implementing.

The IMF’s plan was delayed by the massive inflow of Japanese capital into the country in the late 1980s, followed by investors from other Asian countries such as Singapore,
South Korea and Taiwan. As a result, the role of both the World Bank and the IMF in Thailand began to decline. It is only recently that the World Bank and the IMF have both begun to assume more important roles. In particular, through a US$17.2 billion ‘nail out’, the IMF has been able to exert its first real influence over Thailand’s economy.

The present financial crisis is like a nuclear explosion. At first it destroys the financial sector, with 56 financial companies forced to close down due to bad debts. Later, more slowly, fallout from the crisis leads to the destruction of other companies, the construction industry, then families and communities.

By accepting the IMF’s help, Thailand has had to agree to abide by various conditions. These conditions have not been publicly revealed. But the basic points are emerging gradually as the government acts to implement them. We can only guess why so much secrecy has surrounded the agreement with the IMF. Most probably it is because much of it would simply be unacceptable to the general public. Not only did the public have no say in this process, but it is also doubtful whether the government itself did. This is purely conjecture, but it would appear that the whole austerity package currently being enforced by the IMF is the work of several high level economists in their Washington headquarters.

The conditions which Thailand is now bound by include balancing the budget, which means the central government has to cut funding in a number of areas. This will result in decreasing social welfare. There have been cuts in the budget of the Ministries of Public Health, Agriculture, Education, and Science, Technology and Environment. The government also has to commit itself to reforming the financial and banking sector, in order to open it up to international influence. Further, the IMF demands that the government privatise nearly all state-owned enterprises, selling them to whoever wants to buy them.

All these measures will have huge impacts. To cite just one example, the government has had to raise interest rates and control credit in an attempt to prevent the flowing out of capital. This will affect not only unproductive firms, but also various other small productive firms, which will be killed off simply because they will not be able to access sufficient capital. The result will be that thousands of firms will close down, resulting in increased unemployment. Nobody in Thailand really knows what the current unemployment rate is, although it has clearly been increasing since the economic crisis began last July. As of last December, government projections stated the unemployment figure could have been at least one million, and that by the middle of this year, it could increase to two million. Other sources say that it could increase to as many as three million people.

The increase in unemployment will be felt most in rural Thailand. Millions of rural people went to the cities during the economic boom in the eighties. Many are now unemployed and are having to return home. One of the problems with these people returning to their home villages is that they are ‘economically unproductive’: either they have forgotten how to survive in the countryside, or they did not stay long enough in their home villages to learn the necessary living skills, like rice cultivation, or gathering food or medicine in the forest.

Furthermore, those who have very little land, or who have sold their land to speculators during the period of rapid economic growth, will be pushed into extreme poverty. This is further exacerbated by the loss of income from migrant workers who sent much of their income back to their families in the village, relieving the economic pressure on their families. At the community level, this could lead to ecological disaster. People will be forced to move even further into the forest to acquire land. If they do not encroach on the forest, then quite simply they will not have enough to eat.

More borrowing, more debt

Government policies to deal with the crisis are aimed at curing the symptoms, and not the problem itself. Borrowing large amounts of money to shore up Thailand’s economy is particularly problematic. A large part of this problem revolves around the Financial Institution Development Fund (FIDF). FIDF was designed in the mid 1980s as a state mechanism to guarantee that the money deposited in either finance companies or commercial banks would be protected in case of bad economic performance. The money that went into this fund came from a number of sources. Much of it was raised from the sale of Bank of Thailand bonds to the general public. The rest has come from loans that the fund has borrowed from commercial banks.

Before the crisis in July 1997, the FIDF held more than one trillion baht (US$40 billion). Since then, a huge portion of this money was spent in unsuccessful attempts to bail out the 56 finance companies and four small banks that were facing liquidity problems. All 56 finance companies that borrowed money from the FIDF have subsequently closed. In the meantime, the IMF has made it a condition of its assistance that the government replenishes the FIDF, mainly through the sale of state-owned enterprises. Thus a private debt has been taken over by the Bank of Thailand, the government, and ultimately the Thai public. It is the taxpayers and the poor who will carry the burden of servicing this and other government debts in the long term.

Who has benefited from this intervention so far? Basically, those that have benefited most are the highly paid executives of the private finance companies who borrowed massively from abroad to fund mainly unproductive economic activities such as property speculation. The big, heavily indebted state-owned enterprises such as EGAT have also benefited, as have the international banks they borrowed from.

It is worth adding that a principle cause of the bankruptcy of the 56 firms and four banks was bad performance and corruption among their senior executives and major shareholders. These people may have lost part of their assets, but they are still living quite comfortably in their mansions.
in Bangkok and Chiang Mai, while the problems they caused have been handed over to the government – and ultimately the Thai public – to solve. The more US dollars that the government borrows to help capital to fend off currency starvation, the more private debt is transformed into public debt.

More exports

Another government strategy aimed at tackling the crisis is to increase exports to generate foreign currency. This is accompanied by a renewed emphasis on the role of agriculture. Many government officials and academics believe that Thailand is lucky to have the agriculture sector to fall back on. Thailand is one of the largest rice exporters in the world. We also export a number of other agricultural products. This is the true basis of our economy.

But this does not mean that the government is changing its thinking towards the agricultural sector. Official thinking, and the official model of agriculture, remains much the same as it has been over the past 25 to 30 years, when the government encouraged farmers to plant second rice crops, grow cassava and agricultural products which were at the time in demand by international markets in Europe, Japan and the US. The focus is still on large scale agribusiness, not on small scale, more environmentally friendly farming techniques. Any pronouncement by the government in favour of small farmers is mere propaganda. In reality, farming, like all other aspects of the economy, is being dominated by the imperative to generate as much foreign currency and investment as possible.

There is another way of looking at the present crisis, however, which is that it represents an opportunity for greater local participation. This is certainly a possibility, but only if the people’s movement succeeds in raising public understanding of what is really going on. It is not just a currency problem as the establishment economists maintain. It is a crisis in the development direction that Thailand has been taking for several decades.

It is clear that the IMF is coming under heavy attack in Thailand at the present time. Much of the criticism of the IMF in the Thai media, for example, has come from a nationalistic point of view, stating that IMF policies are facilitating greater foreign ownership in the Thai economy. There is also very strong antagonism towards the way the IMF is perceived to be encouraging the Thai Government to take responsibility for debts incurred in the private sector. According to this way of thinking, if the IMF wants to promote a free market, then it should allow market forces to work in full, and allow unprofitable companies to fold.

The World Bank’s position at the moment is much less clear. By and large it has not been publicly implicated in the strict conditions imposed by the IMF on Thailand, despite the fact that the World Bank is obviously deeply involved. The Bank gave US$1.5 billion to the IMF-led bail out. This comes with certain conditions. US$600 million is to be used to reform the financial and banking sector. Nobody except the government is really clear exactly what this means. US$700 million is to be used for infrastructure development in rural areas, including irrigation. The remaining US$200 million is for reforming agro-industry in Thailand. If this US$200 million is combined with the US$700 million for infrastructure, it appears that a large part of the strategy for reforming agriculture will involve the provision of infrastructure to attract more foreign investment.

World Bank co-opting NGOs

At the same time, the Bank is promoting a social investment scheme which has created a very positive image for itself in the eyes of the Thai public. The scheme, known as the ‘Thailand social fund’, is a US$300 million loan package for job creation schemes in rural areas. The World Bank has stated that in order to guarantee that the investment will be effective, there must be significant participation by local people and NGOs.

This is not a new strategy on the part of the Bank. From the NGOs’ point of view, dialogue with the Bank has largely been a waste of time. They believe that this strategy reflects the idea that if you want to work with the people, you are obliged to work with the NGOs. In reality, the NGOs are being used. But the strategy legitimises the Bank and greatly enhances its popular image.

No one appears to be thinking about this. The Ministry of Finance is not thinking about it because their priority is to bring more hard currency into the country. As for the other government ministries, the situation now being faced is that their budgets have been cut, and are likely to be cut even further. They need more revenue, and they are trying to get as much of the US$300 million as possible. Thai NGOs are also not thinking about it because they too are short of funds. Others are involved because they are concerned about the misuse of funds by the government. The irony is that NGOs will end up only getting a small part of the US$300 million. Although the formal purpose of the loan is to help solve the problems of unemployment, particularly in the rural areas, in the end it is the government that will get the most, perhaps as much as 80 per cent.

The World Bank has financed much of the development in Thailand that has led to the current problems, causing the displacement of local communities, dehumanising their culture, and destroying the environment. The World Bank is part of the problem, not the solution.

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Social impacts of the Thai economic crisis

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The causes of the crisis

An editorial which appeared in the Australian Financial Review (22 October 1997) attacked those who argued, as did Dr. Mahathir, the Malaysian Prime Minister, that the root causes of the crisis were mainly the liberalised international financial markets, foreign capital inflows, and foreign currency speculators. It bluntly stated that:

Southeast Asia's big problem is that its under-developed, over-regulated, poorly supervised, often shallow and sometimes corrupt domestic financial markets have coped poorly with the surging inflows of foreign capital over most of the 1990s.

Is the Financial Review correct in blaming the domestic financial mismanagement of the South East Asian countries, without also pointing a finger at international financial institutions and foreign speculators? Thailand is a good case study.

The wave of financial and trade liberalisation reached its peak during the 1990s when Thailand followed the advice of the International Monetary Fund (IMF) to allow inflows of external capital. The inflows were facilitated by the liberalisation of foreign currency, the current account transaction and the Bangkok International Banking Facility, established in March 1993. Warr (1997:323) argues that the BIBF was set up to facilitate Thailand's ambition to become a regional financial centre in challenge to Hong Kong and Singapore. Ironically, it actually prevented the central Bank of Thailand and other appropriate mechanisms from being able to control external capital inflows. Inflows increased between 1993 and 1996 from 197,024 to 807,633 million baht (or from US$7,886 to US$32,305 million).

This massive inflow of foreign capital into Thailand, with little control by the central Bank, resulted in the mis-calculation and mislocation of financial resources, especially by the private sector. Thai commercial banks and financial institutions borrowed money from overseas, especially the United States, because they were able to borrow at lower interest rates than from the domestic banks. Thai investors were 'so busy enjoying the benefits of plentiful capital that they did not pay attention to the insufficiencies inherent in their systems in the wake of liberalisation'. In addition to managing their debts poorly and failing to consider exchange rate risks, many business companies used short term borrowing to finance activities in certain key sectors, such as real estate and heavy industry. Their ability to repay their debts was severely hindered by the low return of profit on over-supplied property and by export decay. Chalongphob (1998) revealed that foreign debt jumped from US$28.8 billion in 1990 (33.8 per cent of GDP) to US$94.3 billion (50.9 per cent of GDP) by the end of 1996. In 1997, foreign debt increased to US$98.9 billion. Three quarters of the debt was created by the private sector. In the case of Thailand, therefore, it is clear that both external and internal factors have contributed to the financial crisis.

In addition, three other important factors have contributed to the collapse. First, while there were rapid changes in the global economy between 1995 and 1997, the government performed poorly in terms of economic management. The alleged corruption and incompetence of the Thai government undermined the confidence of foreign investors. Second, as international trade slowed down, Thai exports slumped during 1996 due to fierce competition from countries like China and Vietnam, who could produce goods more cheaply. Third, the US dollar strengthened between 1996 and 1997 against other currencies. The Thai currency, pegged with the US dollar, was subsequently over-valued and subject to speculation by foreign financiers. Instead of floating the baht, the Bank of Thailand used about US$30 billion (740 billion baht) of foreign reserves to defend the baht against speculative attacks. As the Bank failed, it then decided to float the baht, causing the economic collapse in July 1997.

The government's responses to the crisis

In response to the financial crisis, the Thai government closely followed the IMF's demands to put its economic house in order. The Chuan government tried to shore up the economy in a number of ways. First, it accepted the IMF medium-term loan package of US$17.2 billion. The package aims to assist the balance of payments, while implementing financial restructuring programmes. Fifty six financial institutions out of a total of 91 will be closed down. National assets will be taken over by foreign investors (Narongchai 1998, Amnuay 1998). Second, the annual budget was cut from 923,000 million baht (US$36,920 million) in 1997 to 863,000 million baht (US$34,320 million) in 1998 in order to reduce the budget deficit. Third, as mentioned above, it increased VAT from seven to ten per cent from 16 August 1997. Fourth, following the advice of the Thai Development Research Institute, the government increased the price of petrol by four baht per litre.

These responses received strong criticism. For instance, Wiwatchai Atthakhon of the National Institute of Development Administration strongly opposed the ways in which the IMF had imposed 'solutions' to the economic crisis in

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Thailand. He claimed that these solutions are based on the same old model recommended by mainstream neo-classical economists implemented in other developing countries, which disregards the social costs of putting their economic house in order. Sak Bothisan, a peasant from Khon Kaen province, was quoted in an article in the Far Eastern Economic Review (9 July 1998) as complaining bitterly that 'the government does not hear the voices of Thai people, only the voice of the IMF'. Some NGO leaders claimed that the increase in the price of petrol would result in higher costs of consumer goods and staple foods, thereby causing the poor to sink deeper into poverty. The International Labour Organisation (ILO) criticised the Thai Government for neglecting to tackle escalating social problems while dealing with the economic crisis.

Social impact of the crisis

Whether Thailand will confront the kind of social unrest as that experienced recently in Indonesia has become a major concern for many Thais. A report by the Ministry of Labour revealed that, in 1997, there were 73.6 million workers in the workforce, or 55.5 per cent of the total population (60.6 million). It also revealed that 44,753 workers in the Bangkok metropolitan area were laid off as 903 factories closed down last year. A total of just over one million people have become unemployed as a direct result of the economic collapse. The National Statistics Office (NSO) estimates that 2.8 million people, or 8.8 per cent of the total workforce, are 'already jobless' (Far Eastern Economic Review, 9 July 1998) because over 1,000 small to medium scale businesses and industries are facing bankruptcy. To reduce unemployment, the Chuan government has tried to repatriate 300,000 illegal workers from neighbouring countries such as Burma, Lao PDR and Cambodia to free up jobs for Thais (Bangkok Post, 2 February 1998).

The government has also advised 200,000 laid off urban workers to return to their home villages where they can rely on assistance from traditional family ties (Far Eastern Economic Review, 9 July 1998). It is questionable as to how these workers will be able to rely upon their families. According to research conducted by the Demographic and Social Research Institute of Mahidol University, village communities have themselves been relying for years on remittances sent by family members working in the city. Nidhi leosriwong of Chiang Mai University ridicules the government's suggestion, saying that 'repeasantisation' cannot work because the younger generation have lost their farming skills and have even developed a prejudice against farming. Moreover, rural people, particularly small scale peasants have for a long time been facing problems of dislocation and loss of farmlands as a result of rural industrialisation and large scale infrastructure construction projects, especially dams.

Many people who have been affected by official development projects organise themselves, with the help of NGOs, under the Assembly of the Poor (Samatcha khon chon). Members of the Assembly came from their home villages to the Parliament in December last year to protest against the government's lack of concern for their plight. They claimed that the Chuan government had refused to compensate those affected by dam construction projects such as the Rasisalai, Sirithom, Lammunbon and Lamkhanhu dams, and that it had withdrawn 950 million baht in financial assistance to support chemical-free agriculture projects. Moreover, they claimed that the government had ignored the problem of a 200 billion baht debt owed by agricultural producers while helping to bail out bankers and financiers. They bitterly accused the government of looking after the rich rather than the poor. As Neophon Thongchaichaiya, a farmer from Sakon Nakhon province says:

The government is hypocritical. I don't understand how they can absorb the private sector's debt and refuse to do the same when it comes to farmers (Bangkok Post, 25 June 1998).

The Assembly consists of a network of six people's organisations which has formed itself into several groups based on specific problems they face. There are those who are demanding the right to use land in degraded state forests, those who want compensation from dam construction projects, others who are demanding adequate housing in city slums, welfare for unemployed factory workers, and financial assistance to support alternative agriculture.

On 23 January 1998 the Assembly put a number of proposals to the government. First, it proposed that the government should pursue tax reform on land, inheritance and luxury goods. Second, it should allow a people's representative to participate in the management of US$300 million borrowed from the World Bank to tackle social problems. Third, it should continue to support the People's representation. If their demands were not met, the Assembly vowed that 30,000 rural people, including peasants and hilltribes, would rally in front of the Parliament.

A Ministry of Education report showed that in 1997, 46,218 students had been adversely affected by the crisis as a consequence of their parents and carmakers being laid off. Those students included 28,695 pre-school, 15,907 primary school and 1,616 secondary school students. This year the government estimates that 150,000 out of a total of one million students 'have already dropped out' (Far Eastern Economic Review, 9 July 1998). The ILO has warned that child labour will increase if the economy does not improve satisfactorily.

Small scale businesses will also be adversely affected by the crisis, due to the increase in interest rates to shore up the value of the Thai baht. As a result, small businesses are finding it difficult to borrow money from commercial banks. Their bankruptcy will further increase the number of unemployed blue collar and white collar workers.
Opportunity for sociopolitical reform?

Some Thai ‘public intellectuals’ have argued that the economic turmoil presents windows of opportunity for undertaking sociopolitical reform. If the Thais are able to overcome the crisis, they say, the country will emerge stronger than ever. Thirayuth Bunmi, a former student leader during the 1970s and current lecturer at Thammasat University, has translated the term ‘good governance’ as แนะนำ, literally ‘a state which embodies social justice and obligation’, and proposed the concept as a basis for Thai political reform (Thirayuth 1998). However, Bamrung Khayotha and Wanida Tantiwithayaphithak, NGO advisers to the Assembly of the Poor, are cynical about the concept. These NGO practitioners want development theorists, like Thirayuth, not only to support the idea of good governance, but also to put it into practice in relation to the current situation faced by the poor. To bridge the gap between development theory and practice, a number of issues need to be discussed.

Caring for the marginalised

Some NGO activists and peasant leaders criticise the ways in which the Chuan government has handled long standing social problems such as the compensation for land lost due to large scale dam construction projects and the land used by poor people in degraded forests. They claim that the government relies largely on outdated laws to manage conflicts over resource use and allocation between government departments, investors of capital and impacted populations, rather than searching for alternative approaches to the current situation. They argue, for example, that the US$300 million loan from the World Bank was kept under the centralised control of the Ministry of Interior, whose officials are often corrupt. Some officials allow little opportunity for ordinary people to participate in development project activities for fear that they might breach official financial rules due to their ignorance of the bureaucratic system. However, to fulfil the objective of good governance, the government needs to undertake legal reform to make the system more open, accountable and equitable, and to allow communities to participate in their own development projects. Moreover, Suchada (1998) feels that the Chuan government is preoccupied with economic management and urges it to communicate with affected populations to demonstrate its concern for and understanding of vulnerable groups.

Accurate reporting by the media

Generally speaking, the media has been sympathetic to the Chuan government in its attempt to put Thailand’s economic house in order. As one minister claims, ‘the media is on the government’s side’ (Narongchai 1998). Most affected people and NGOs consider that the media has failed to present an accurate account to the public concerning the plight of the poor. The workers’ strike at the Thai Summit Autopart Company in January this year is a case in point.

Instead of examining the causes of the workers’ strike, some media reports jumped to the conclusion that the strike was led by ‘rascals’ who wanted to worsen the country’s economic situation. In so doing, they gave legitimacy to the government task force which violently suppressed the strike, arresting 54 people and accusing them of being ‘Muethisam’ or ‘third hand’ agitators in the workers’ movement. In response to the media’s unsympathetic attitude towards the plight of the workers, 11 organisations led by university students and NGOs submitted, on 26 April, an open letter demanding that the media present such social cases without prejudice.

Avoiding the protection of private wealth and creation of public debt

Towards the end of May 1998, the government passed legislation to allow the Minister of Finance to seek a 700,000 million baht loan from international financial institutions to set up a Financial Institution Recovery and Development Fund. Moreover, it planned to nationalise foreign debt created by the private sector. These actions have been opposed by both Thai and foreign academics, as well as NGO workers. For instance, Thirayuth Bunmi strongly criticised the government’s plan to nationalise foreign debt created by the private sector as an action which favours the rich but neglects the poor. He argued that the government should avoid protecting private wealth and creating public debt.

Many similar views have been expressed. Hans Luther, a German scholar working in Thailand since the early 1970s, asserts that in place of more loans the government needs cost-conscious management, financial transparency and comprehensive bankruptcy laws (Bangkok Post, 3 February 1998). Wiwatchai also argues that instead of loans, the government needs to develop tax reform policies on land, inheritance and assets, thereby using tax reform as a means of narrowing the gap between rich and poor.

Good governance and external capital inflows

In a recent speech delivered at the Institute of Developing Economies in Japan, Amnuay Viravan, former Thai Deputy Prime Minister and Finance Minister, explained why the economic crisis took place in Thailand. One of the causes of the crisis, he argued, was that when the wave of financial and trade liberalisation was at its peak in the early 1990s, ‘Countries like Thailand were pulled into this whirlpool without much chance of preparing ourselves’. By 1996–97, currency devaluation was a question of timing, but foreign speculators acted first with catastrophic consequences for the Thai and regional economies. To achieve good governance objectives, Amnuay argued, institutional strengthening is essential, accompanied by effective mechanisms to handle capital inflows.

Along with Mahathir, Amnuay was concerned that the economies of developing countries like Malaysia and Thailand were directed by the rules and regulations of
international financial market liberalisation. The concept of good governance is therefore needed to strengthen the integrity and power of sovereign states, in order that they can better manage external capital inflows in the future.

Endnotes

1. While the currency exchange rate fluctuated wildly after July 1997, for the sake of simplicity I use the exchange rate of US$1 to 25 baht in this paper.
3. Thailand is ranked second after South Korea in terms of foreign debt, with the latter burdened by debt currently totaling US$116,800 billion (Athit Weekly, 26 December–1 January 1998:14–20).
4. For instance, to improve provisioning standards for existing financial institutions, market discipline, and to allow foreign investors to take a share of, or take over, the country’s assets.
5. Fifty billion baht is the debt created by small scale peasants (three to four million households), mostly with the state Bank of Agriculture and Agricultural Co-operatives.

References

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The scandal of Third World debt

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After World War II, Germany would only agree to spend 3.5 per cent of its export income on debt repayments, arguing anything higher would be 'unsustainable'. Today, the world's creditor nations, including Germany, are demanding that the world's poorest nations spend up to 25 per cent of their export incomes on debt repayment.

The cost of this hypocrisy is devastating. Mozambique now spends US$107 million every year servicing its debt—US$6.60 for every Mozambican child, man and woman. In contrast, the country spends only US$2 per person per year on health and US$4 on education. Ghana spends an average of US$4 a year per person on health. In 1996 it spent US$26 per person on debt service. Zambia's infant mortality rate in 1970 was 106 per 1,000 live births. In 1996 it had grown to 112 per 1,000. Since 1990 the country has paid a total of US$4.8 billion in debt service—about one and a half times its total annual economic output.

International loans have become the instruments of neo-slavery. The response from the West is that the debts are legally binding, and the debtor countries have a duty to pay. But is this correct? During the 1980s US$8.5 billion was secretly lent to ex-President Mobutu of Zaire by Western institutions that knew the loans were being corruptly diverted. If Mobutu lacked the authority to raise money on behalf of Zaireans, and if the people received little or no benefit from the money, under what duty are they obliged to pay? What of South Africa? The country is labouring under a US$70 billion debt. Interest payments alone are the second highest expense after education. To what extent are the new voters of South Africa obliged to repay money lent to a regime they could not elect? These arguments are not new. When the US took over Cuba 100 years ago it cancelled Cuba's debt to Spain on the grounds that the burden was 'imposed upon the people of Cuba without their consent and by force of arms'. Such debts were described by legal scholars as 'odious debts'—not obligations for the nation but for the powers that incurred them.

While debtor nations work up the confidence to default, however, the international community is pretending to help. Under their Highly Indebted Poor Country (HIPC) initiative, the World Bank and the International Monetary Fund (IMF) will partly cancel debt if a country is prepared to take a good dose of IMF tonic. Six years of it. Under the euphemistically titled Structural Adjustment Programs, countries agree to open their markets to penetration by transnational corporations and curb profligacies such as state funded education and healthcare. They must show a preparedness to 'help themselves'.

Cancelling the debt, however, makes little difference. In Mozambique's case an estimated US$1.4 billion was removed by HIPC, but these debts would never have been paid. As debt relief campaigner Joseph Hanlon argues, 'Mozambique would have had more chance of sending a football team to France for the World Cup than paying those debts'. So even after this 'debt relief', Mozambique will continue to spend as much on debt service as on health and education combined. The inadequacy of HIPC is part of the reason why Jubilee 2000—the international campaign for cancellation of Third World debt—is gathering strength.

Cancelling the poorest nations' debts, however, is just the start. Of equal importance is reforming the international lending system, for example, by:

Reducing secrecy in lending. Routinely, neither the people from the poorest nor the richest countries know what their local elites are doing. Financial transparency should become a condition of taxpayer funded lending.

Introducing an international bankruptcy law. Domestic bankruptcy laws allow individuals to write off unpayable debts and make a fresh start. The absence of comparable controls at the international level encourages irresponsible lending. Creditors know someone will pick up the tab.
Introducing a Tobin tax. A small international financial transactions tax would discourage currency speculators from using national economies as tax-free high rolling rooms without punishing legitimate economic activity. It would also provide the United Nations with an independent source of income.

More fundamentally, however, we need to question the orthodoxy of unbridled globalisation. As the World Bank's chief economist and senior vice president Joseph Stiglitz acknowledged, the convergence of policy from the US Treasury, the IMF and the World Bank – the so-called 'Washington Consensus' – can be misguided, misleading and neglect fundamental issues. Heaven forbid, it may even be wrong.

Increasingly, people are asking whether globalisation is delivering its promised improvements of global living standards, or whether it is simply forcing open 'fragile societies to powerful, intrusive and exploitative foreign forces'. By definition, globalisation cannot be assessed in terms of GDP per capita rates in the developed world. For as long as we operate in the same trading system and share a mutual concern to improve the human condition, the problems of the poorest nations are our problems.

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Global consumption of goods and services will top US$24 trillion this year, six times the figure for 1975. People are consuming more in food, energy, education, transportation, communication and entertainment than ever before. People are also living longer and enjoying greater personal freedom because of better access to health services, education, productive resources, credit and technologies.

But the human consequences of current consumption patterns are unacceptable, according to the Human Development Report 1998, commissioned by the United Nations Development Programme (UNDP). This year's report focuses on the consumption of goods and services and examines how this can advance or hinder human progress. The report finds that gross inequalities in consumption opportunities have excluded over one billion people who are unable to meet even their basic consumption requirements.

Among the 4.4 billion people who live in developing countries, almost three-fifths live in communities without basic sanitation; almost one third are without safe drinking water; one quarter lack adequate housing; one fifth live beyond reach of modern health services; one fifth of children do not get as far as grade five in school, and an equal percentage are undernourished.

With the globalisation of markets, demand for luxury items and services is exploding, even in traditionally poor communities. What was considered a luxury 20 years ago is now a necessity - a private car for every middle class family in France, a wrist watch for every rural family in India, a refrigerator for every family in China.

The report notes that despite very high growth in consumption, developing countries are nowhere near the levels of consumption in the world's richest countries. The wealthiest one fifth of the world's people:
- consume 45 per cent of all meat and fish,
- consume 58 per cent of total energy,
- have 74 per cent of all telephone lines,
- consume 84 per cent of all paper,
- own 87 per cent of the world's vehicles.

Runaway growth in consumption is placing unprecedented pressure on the environment and putting those who consume the least in double jeopardy. However, consumption levels in developing countries are not even close to those of industrialised countries. The burning of fossil fuels has almost quintupled since 1950, and the wealthiest fifth of the world's people consume about 53 per cent of the total. Per capita carbon dioxide emissions are 21 metric tons a year in the United States, compared with three metric tons in China.

The good news is that while consumption has reached record levels, the use of non-renewable resources has slowed. New reserves have been discovered and consumption has shifted in favour of products and services that are less material-intensive. Energy efficiency has improved and recycling is gaining popularity.

The report sets five goals:
1. Raising the consumption levels of more than a billion people who have been left out of the consumption explosion.
2. Moving to more sustainable consumption patterns that reduce environmental damage, improve efficiency in resource use and regenerate renewable resources including freshwater supplies, soils, fish stocks and forests.
3. Protecting and promoting the rights of consumers to information, product safety and access to the goods they need.
4. Discouraging patterns of consumption that have a negative impact on society and that reinforce inequalities and poverty.
5. Achieving more equitable burden-sharing among nations to reduce and prevent damage to the environment and reduce poverty itself.

Developing countries today face a strategic choice, the report states. They can repeat the industrialisation and growth processes of the past half century, repeating inequitable patterns that create a legacy of pollution. Or they can leapfrog to growth patterns that are pro-environment and pro-poor, by expanding people's access to basic social services.

Every year since 1990, the UNDP has commissioned the Human Development Report by an independent team of experts to explore major issues of global concern. The report looks beyond per capita income as a measure of human progress by also assessing such factors as average life expectancy, literacy and overall well being.


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Education for retrenched child labourers in the garment industry: Views from Bangladesh

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Introduction

Debates and discussions on the issue of child labour in Bangladesh, especially in the context of the export-oriented garment manufacturing industry, have seen something of an upsurge in recent years (Chawla 1996, Banu et al. 1998). For example, the press, international conferences such as the recent Uruguay round of the GATT negotiations, the imposition of social clauses in bilateral trade agreements, and the promulgation of specialised legislation such as the Child Labour Deterrence Bill 1993 in the United States, have all had a major impact on business practices in the manufacturing sector in developing countries, including Bangladesh (Bisset and Sobhan 1996). In the face of mounting national and international pressure and concern, the use of child labour in the Bangladeshi garment industry has come under intense public scrutiny, and the owners of these industries have responded by retrenching their child workers.

This easy solution of firing the child worker has brought about a range of further problems, particularly the sudden loss of income for the children's families leading to further impoverishment, pushing children into more stressful workplaces (Berlau 1997). Some local NGOs and international agencies such as UNICEF and the International Labour Organisation (ILO) have come forward in cooperation with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to rehabilitate the retrenched child workers through an informal and practical educational programme.

This paper sheds light on the current status of child workers in the garment industry and on the specialised educational programme as a way of empowering them.

Child labour, international pressure and local responses

Despite the existence of penal legal provisions on the employment of children and the existence of a public schooling system, the majority of children in Bangladesh, instead of going to school, are engaged in some form of work (Banu et al. 1998, Stalker 1996). Information on the extent and prevalence of child labour vary substantially in quantity and quality. Here, we draw on relatively reliable sources.

It is estimated that there are about 31.7 million children in Bangladesh between the ages of five and 14 years, of whom only 13.7 million receive education. The majority of those children not attending school are engaged in some form of employment (BGMEA 1994). The Bangladesh Bureau of Statistics (BBS) Labour Force Survey of 1990 reported 5.7 million working children in the age group of ten to 14 years (Government of Bangladesh 1990). Child labour is more prevalent in the rural areas, where the participation rate for boys is 50 per cent, and for girls, 16 per cent. The UNICEF Multiple Indicator Survey for Bangladesh found that, of the children aged six to 17 years, 21 per cent of boys are working and only 4 per cent of girls. This is a much lower estimate than the Labour Force Survey. Thus, as Banu et al. (1998) note, the national proportion of children working in Bangladesh varies from about ten per cent to 44 per cent, depending on the definitions used and the type of sampling.

Around ten per cent of the workforce in the garment industry is underage, which represents about 80,000 children (Bangladesh Institute of Development Studies 1992; also see Banu et
al. 1998). Out of these children, 10,500 are aged between eight and 14 years and most of them are girls. The UNICEF survey of the garment industry found that almost 90 per cent of the children were from single parent households in which there had been a death or disability, of whom almost half were sole supporters of their families. For many families, as Chawla (1996:16) noted, the children's contribution made the difference between destitution and survival.

Children's work in the garment industry consists mostly of running errands and helping with the finishing processes such as snipping stray threads off the garments, folding or packing the clothes.

Since the early 1990s child labour in the Bangladesh garment industry has come under close international scrutiny. Among others, the following American events had the most significant impact on Bangladesh. In 1993 the American labour and consumer organisations threatened to sponsor a boycott of garments manufactured in Bangladesh. The governmental instrument of this proposed sanction was a Bill placed before the US congress by Senator Tom Harkin of Iowa. It called for an immediate ban on imports into the US of goods fabricated or manufactured wholly or partly by child labour. It also proposed punitive measures against importers of such goods. The garment industry owners in Bangladesh responded to the Bill and to the threat of possible sanction by terminating child workers' jobs. Subsequently there was concern, voiced especially by international organisations and donor agencies, about the situation of the retrenched children. A study by UNICEF and the ILO, for example, found that the former garment child workers were working in more hazardous conditions in unsafe workplaces where they were paid even less. Some were found to be in prostitution (Berlau 1997).

The major concerned institutions, UNICEF, the ILO and the BGMEA, came forward to develop a coordinated action plan for exploring ways of rehabilitating the retrenched child workers. Accordingly, a Memorandum of Understanding (MOU) was signed by the above institutions on 4 July 1995. The salient features of the MOU are presented in Table 1.

Education programme for retrenched child workers

In line with the principles of the MOU, a non-formal education programme has been devised for the terminated child workers. A detailed description is beyond the scope of this short paper, but Karunaratne (1984), Ali (1998) and Sarker (1998) provide some interesting discussion and case studies of the non-formal educational programme.

As distinct from the rigidly organised, systematic, formally structured system of education, the idea of non-formal education connotes a flexible, adaptive 'process' approach to learning which centres around the learners' specialised needs and convenience. The curriculum is oriented towards practical and vocational job requirements, the methods of teaching are participatory and activity-based, and the setting and the timing of education are designed to suit the learners' needs.

Two local NGOs, the Bangladesh Rural Advancement Committee (BRAC) and the Gono Shahajjo Sangstha (GSS), have been engaged for the purpose of implementing the non-

<table>
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<th>Table 1. Principal features of the Memorandum of Understanding</th>
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| **Purposes** | a. Removal of underage workers (below 14 years) from the BGMEA member industries;  
| | b. Placement of the children in an appropriate education programme. |
| **Survey** | a. Conducting an intensive survey to identify the exact number of child workers;  
| | b. Visit to the factories by specialised inspection team consisting of representatives from UNICEF, ILO and BGMEA. |
| **Education programme** | a. UNICEF and BGMEA to help establish a suitable programme of education for the retrenched children in consultation with the Government of Bangladesh's Primary and Mass Education Division;  
| | b. The education programme is to be funded by UNICEF and BGMEA. |
| **Means of supervision and verification** | ILO is to devise a 'labour inspection system' in cooperation with the Government to ascertain the compliance of the terms of the MOU. An informal steering committee consisting of representatives of the MOU signatories is to oversee the implementation process. The US Embassy and Government of Bangladesh officials are to be invited to act as observers. |
| **Income generation and compensation** | a. Terminated child workers attending education are to receive a monthly stipend of taka 300 (US$7);  
| | b. BGMEA to contribute 50 per cent of cost of stipends to a maximum limit of US$250,000 per year;  
| | c. BGMEA to offer employment to qualified family members of the terminated child workers;  
| | d. The MOU signatories to explore possibilities of a food supplementation programme for children placed in schools;  
| | e. UNICEF and ILO to work towards providing income generating opportunities for the children after school hours to prevent income loss. |
formal education programme, based on their substantial experience in such schemes. The first school was established in Dhaka in January 1996. So far, 313 schools engaging 7,000 pupils have been formed in Dhaka, Chittagong and Narayanganj. The drop out rate is only about seven per cent. BRAC and GSS have jointly developed a two year curriculum for the learners. The syllabus includes Bengali, English, basic arithmetic and a number of 'life related' subjects such as the visual and performing arts, especially music.

The location and timing of schools are determined in consultation with the learners and their families. A school runs for three hours a day, six days a week, leaving the pupils with plenty of time to help with family chores and other work. The classroom environment is informal, participatory and activity oriented.

Once she/he is 14 years of age, a learner is allowed to leave school to rejoin their previous workplace. However, she/he is encouraged to continue their education, and where possible, is offered a specially designed study scheme to suit individual needs.

Conclusions: Problems and prospects

From the experience gained during the implementation process, a number of major problems of the education programme can be identified which require immediate attention.

First, termination of employment adversely affects the retrenched children's family income level and standard of living. The BGMEA (1996) has suggested the following measures to tackle this problem:

(a) to provide employment to some other adult members of the family, as also recommended in the MOU;

(b) to have consultative meetings with the parents of children whose jobs have been terminated;

(c) to provide specialised skills which may help the children to earn additional income for less arduous jobs while pursuing the educational programme. These skills can ultimately help in self employment or in finding suitable jobs.

Second, it has been found that many industry owners are still reluctant to release child workers for placement in schools. Frequent inspection, without prior notice, by higher authorities may be one effective way to combat this problem. Representatives of the media can also be included in the inspection team.

Third, some companies are still not fully aware of the provisions of the MOU. An extensive awareness raising campaign is required to inform the industry. The BGMEA has imposed some punitive measures for non-compliance with the MOU provisions, such as a penalty of US$1,000, provisional dismissal of membership, and so on. Information on these measures also needs to be effectively disseminated to concerned companies.

Fourth, when the survey of child labour in the garment industry was conducted in December 1995, it was found that some companies could not provide full residential addresses of their child workers. Among other problems, this lack of information meant that BRAC and GSS were unable to locate these children to invite them to the education programme. A more extensive follow-up survey can overcome the limitations of the initial enquiry, but the present MOU does not include provision for conducting a second survey for this purpose.

Despite the above problems, the non-formal education programme is significant for a number of reasons. For one thing, it represents the recognition, for the first time in the country's history, of the scale of the problem of child labour by the major concerned institutions, and a coordinated effort to overcome the problem. The problems that have been identified in the course of implementation are not insurmountable. With sincerity and effort, these can be solved or minimised within a short period. Further, this programme has the potential of widespread replication. It can also make use of the strengths and benefits which are commonly accorded to NGOs, such as flexibility of operation, relative cost effectiveness, participatory and action based working style (Islam and Khan 1998). The programme also takes consideration of the felt needs, views and practical requirements of the learners and their families, and therefore is likely to enjoy strong support from the community. Finally, the Constitution of Bangladesh views education as a fundamental right. The reality, however, has so far been quite different. The non-formal education programme offers a practical way of complementing the formal state education system in fulfilling this fundamental right.

The issue of child labour in the garment industry cannot be seen in isolation from wider problems associated with socioeconomic structures and processes. It will require effort and intervention at various levels. The non-formal education programme is one promising way of approaching the problem, and if effectively implemented, it has the potential to complement and support other similar developmental efforts.
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An evaluation of case studies in community development

Gordon Knowles, The Salvation Army Australia

The Salvation Army is an international religious and charitable organisation whose objectives are the advancement of Christianity, education, the relief of poverty, and other charitable work beneficial to society or the community in 103 countries. Every year, auditors at the Salvation Army international headquarters conduct audits of partner NGOs in developing countries, including audits of funds provided from Australia for project implementation.

Focus on community development projects

During 1996–97, 14 community development programmes were selected as case studies for closer examination. Apart from offering a wide diversity in terms of location and resource availability, the projects in this study also provided a wide range of activities within a community development theme. The cost of individual projects ranged from US$19,050 through to US$2 million.

It should be acknowledged that many of the authors of these case studies are neither academics nor well versed in theoretical aspects of community development. In some cases their individual contribution is the result of many years of field experience with communities in developing countries. Their reflections on this experience will provide other communities with hope and an opportunity to reflect upon what opportunities the future might hold for them.

Most of the 14 programmes selected for study were funded jointly by AusAID and the Salvation Army Australia (SAA). Many programmes also employed aid workers from Australia or New Zealand to work alongside national staff employed by the local NGO partner. Another basis for selection focused on the close relationship that had developed between the SAA and the partner NGO in the country of operation.

Lessons learned from the case studies

In analysing the implementation of these programmes and the benefits to people from these initiatives, a number of lessons were identified and are reflected upon in the form of lessons learned:

Lesson One: There is a need to be patient and flexible and to ask vital questions concerning the causes of poverty and kinds of development assistance required to help specific groups. By failing to delve deep into the causes, it may be that only the symptoms of poverty are identified. This increases the risk of missing the target group and stimulating inappropriate development activities, thereby undermining the motivation and initiative of the people themselves and possibly wasting valuable resources (Remenyi 1997:4).

Lesson Two: Initiatives intended to address poverty must be identified and implemented by the community if the cycle of dependency and the downward spiral of poverty are to be broken. These initiatives must be implemented within the community’s cultural, traditional, social and economic environment. This means that programmes targeting communities would naturally utilise the skills, services, resources, and capacities already available within that community, without forcing people to move too fast or to seek substitutes for their inadequacies. Utilising technology that is not in keeping with their education and training or that is not culturally acceptable will frustrate the course of community development.

Lesson Three: NGOs need to be prepared to give high priority to innovation, motivation and awareness creation among the poor so that they can implement solutions to their problems in their own social environment without forcing the pace of change. By enabling the community to develop a system of committees, with NGO involvement if invited, the focus moves from external resources to mobilising resources that are readily available within the community. These can be utilised in a partnership arrangement through collaboration with donors.

Lesson Four: Often the imperative to improve the delivery of services to the poor by development agencies overlooks the deeper problem experienced by targeted communities to absorb and make use of those services. Remenyi (1997:4) also highlights this issue.

The provision of microenterprise loans for former commercial sex workers, for instance, did not address the needs of women in Tanzania for training in small business operation and marketing. This form of training means that these women are now able to manage small businesses successfully, thereby finding a viable economic alternative to street work.

Lesson Five: Community development programmes need to be designed so that everyone in the community understands the rationale and benefits of implementation. Raising the community’s awareness of the benefits increases the likelihood of active participation by all members of the community. It does not limit knowledge to a select few who form the elite within the target community.

Lesson Six: Strong vested interests often condemn the poor to a relentless cycle of poverty and failure. Creating the opportunities for people to liberate themselves from poverty may well require changes in economic, political and social structures, and these changes may well be accompanied by conflict. NGOs therefore need to develop the
capacity to anticipate conflict and prepare the poor for the possibility of setbacks and struggle. By working in collaboration with communities and indigenous NGOs, development agencies can themselves grow through the change and conflict experience.

**Broader lesson themes**

The administrative requirements of funding agencies tend to force a degree of inflexibility on the local project management team that sometimes appears to be incompatible with genuine community based decision making. For instance, the objectives of a project as well as its timing are often established in advance and dictated to those involved in the implementation. Volunteers working on such projects often quickly become aware of potential conflicts within and between communities, project managers and implementers. In addition, funding organisations often do not take into account the local economic, social and political environment and geographic conditions, including poor communications and education levels of people in the target communities.

It must follow therefore that the highest priority be given to ensuring that the intended beneficiaries participate in the management of the project. The pace and manner in which the project proceeds should be determined by the beneficiaries and not by donor or partner NGOs. The beneficiaries’ contribution of labour and other resources, including spirit and enthusiasm, arises repeatedly in the examples selected as a major positive issue.

Because most poverty alleviation programmes in communities tend to focus on the least educated groups in society, it is likely to take a long time for people to become confident about performing activities such as keeping accounts, organising meetings, dealing with government ministries and other agencies and officials. It may take even longer for communities to be able to provide reports required by the donor agencies. Development agencies need to recognise that the growth of management capacities among beneficiary groups will often be a long term process. It will require considerable investment in time, energy, patience and training.

**Project management**

The reflections and the experiences detailed in our studies highlight the fact that volunteer or expatriate aid workers come from quite alien social and material cultures. If they are to work effectively in the service of a community or group they will need strong direction, support and preparation to enable them to understand the group’s needs and how to participate with the community in meeting those needs (Dawson 1990:11).

Another lesson that has been previously highlighted concerns the importance of reducing the pressure on aid workers, especially if tangible results are to be achieved during their early months in the host country. Whilst many aid workers felt that the first few months would have been best spent listening and watching local communities, and participating in communities, they considered that they were laying the necessary social and technical foundations for their future work without necessarily achieving anything. By spending time at the beginning of their stay increasing their understanding of local needs and culture and redefining personal objectives, the quality and productivity of their work would ultimately benefit (Dawson 1990:12).

Furthermore aid workers must be seen as part of a larger picture, and the timing of their input should be dependent upon the other parts of that picture being already in place. There is also the need to recognise that external aid workers need to possess a variety of skills, and care must be taken to identify when those skills will be needed in the development process within the community.

**Rays of hope: Concluding comments from lessons**

One major lesson that has been learned centres on the fact that there is no straightforward answer to the question of how best to implement poverty alleviation activities in developing countries. However, the lessons that have been learned by the SAA and other NGOs provide a source of confidence, and may become rays of hope for communities in distress. The case studies point to a number of important themes that are experienced by many NGOs working in developing countries.

First, a high participation rate of people in the community is a recurring and reliable indicator of a successful community development initiative. In every case the participation of community members in the discussion of the problem, design of a solution, implementation of that solution and contribution of resources has enabled the project partnership to derive maximum return from the donor’s initial and often modest investment.

Another area of significant investment by communities lies in the provision of skills and knowledge which are unique to that community and without which the project objectives could not have been achieved. In addition, the selection of local staff who possess the necessary skills and training to take on responsibility for the coordination and management of the project was important. Even more significant is the ability of staff to elicit the respect and admiration of the community in which they are working.

It is clearly vital that donors, NGOs and partner organisations are willing to invest in people who have previously been denied access to skills, funds and services. Three of the case studies demonstrate that people who have been disadvantaged and marginalised in poverty stricken communities relish the opportunity to prove their capacity and potential. Examples of projects in Bangladesh and Tanzania, in which women were provided with the opportunity to develop an income generating activity, demonstrate that the poorest of the poor do have some form of collateral which can be relied upon and in turn used as a model and a resource in the longer term.
Other case studies demonstrate that NGOs who work in cooperation and collaboration with government agencies, other NGOs and community organisations will achieve far more than would have been anticipated if they had relied solely on their own efforts. One case in particular demonstrates that the integration of skills and other available expertise into a plan provided the extended capacity to take that programme much further than was initially envisaged. If people's participation is negotiated as a meaningful and supportive contribution in partnership, in an area of common interest, then the budget can be similarly extended.

Most case studies indicate the need for a rigorous analysis of proposals and for extensive community involvement in the preliminary design and planning stages as well as in implementation of a project. Communities who do not own the initial stages of their own development process will not be overly enthusiastic about the implementation of the plan. The case studies also highlight the need for NGOs to welcome rather than fear criticism, and to be prepared to accept suggestions for improvement of the original plan in the light of unforeseen developments.

Outside agents

In nearly every project example, the authors demonstrate that the role of the outside agent who mobilised the community around a project activity has gradually changed. Whereas previously change agents assisted participants with technical information and resources, the focus of community development activity has now shifted to those skills that help make activities more easily achievable through process, critical awareness and empowerment. The provision of counselling, information, education, skills and support, such as small loans for microenterprise development, has changed the focus of the aid worker to working alongside a community, rather than working for or acting on behalf of an agency to exert power or produce an effect. A common theme throughout these case studies has been the opportunity to stand with (alongside) the impoverished, the marginalised, the disadvantaged and those deprived of opportunity to participate fully in society.

The case studies also highlight a high degree of community self management that has taken place as a consequence of empowerment in communities. Le Leu (1998), Siame (1998), Kwok (1998), Payne (1998) and Potgieter and Nxumalo (1998) provide positive examples of the encouragement of community self management. Since empowerment is about interaction with people and the ability to influence change, this clearly places a heavy responsibility on community change agents.

Future role of NGOs

Geographic location, the availability of basic services (water, roads, education, health clinics, and so on), the proximity of project activities to local political representatives, input by those representatives, and the level of available skills and relevant experience were highlighted as issues which contribute significantly to the success or failure of a community development project.

The role of NGOs is changing in response to forces outside our control. Advocacy is an increasing avenue of opportunity, especially in the area of human rights, information dissemination, and donor lobbying, including the provision of feedback following the completion of projects. Another area of concern for NGOs is whether to follow the lines that aid donors and host governments prefer, or to keep some distance and accept the reduced access to official funding that will result. The acceptance of funds simply because a donor makes them available is not necessarily in the best long term interests of the recipient community. This is especially true in cases where funds are accepted for activities whose sustainability depends on the long term injection of external capital.

A major challenge we now face is how to achieve greater impact, given the small scale of the SAA's operations, whilst maintaining the core values of our mission and movement. Maximising impact implies better evaluation techniques, strategic thinking and improved systems, some of which may involve an increase in the use of technology.

What clearly emerges from the experiences related in these case studies, however, is that no approach to community development will be successful unless NGOs can be self-critical, creative and open to change in collaboration with communities and recipient government agencies.

References


Managing economic crisis: A psychosocial approach

Background

At first glance, it is not readily apparent how the more ‘psychosocial’ behavioural sciences, such as psychology, anthropology and sociology, might make a practical contribution towards managing the current East Asian economic crisis. In the past, contributions from the social sciences to development have generally been assessed negatively. Despite such assessments however, the ‘human factor’ is recognisably back in development work (for example, Overseas Service Bureau 1998, see also Pottier 1993). This brief paper outlines a project to articulate Australian observers’ and Thai actors’ perceptions of the causes of the economic crisis, as well as the linkages between these causes and readiness to make personal sacrifices for the greater good. Such articulations may also help to foster intercultural communication and education about the crisis, and provide some fresh insights into how it might be managed.

Giving assistance

As we have just suggested, the foundations of the project lie in the way social science has rallied against its critics in the area of poverty reduction. One way it has done so is through attribution theory, and in particular through what is known as the actor–observer difference (Jones and Nisbett 1972). Put crudely, observers of others’ actions and predicaments are liable to place more emphasis on dispositions (for example, blaming the victim) than they do on situations (for example, blaming global economic forces for a poverty crisis), whereas actors tend to do the reverse. In the Western literature, the former is classified as a ‘fundamental attribution error’ (Ross 1977), signalling that the latter tendency is more truthful or accurate. The reasons for this might include the actors’ greater background knowledge of the events leading to a particular situation such as a crisis, and their clearer focus on situations rather than people. The observer bias is believed to be substantially reinforced by cultural values favouring individualism.

‘Blaming the victim’ is still implicit in some of the economic development schemes promoted by various international bodies, and even some governments of aid-recipient countries. In different terms, the old ‘modernisation’ theories of the 1950s and 1960s are still with us today – employing a different discourse, it is true, but with the same underlying message. It is the Third World’s own fault that it is poor because it is hampered by traditional values that are not consistent with global capitalism. From that perspective, the economic crisis in Asia stems from Asia being Asia instead of being more like Western Europe and the United States.

The actor–observer difference has been applied to attributions of poverty. It applies by analogy rather than
Literally, and will be applied likewise with regard to the economic crisis. According to this analogy, the poor are actors because they have had more direct experience of living with poverty, whereas the wealthy are observers, because they typically have had relatively little direct experience of poverty. The theory predicts that the poor (actors) will be more likely to attribute poverty to situations than will the rich (observers). This difference has in fact has been repeatedly found in research on attributions of domestic poverty in the West (Carr 1996). Accordingly, there are reasons for believing that the poor themselves are often in a better position psychologically to give a more accurate account of their poverty than outside observers, at least within a reasonably equivalent cultural context.

Recently, this possibility has been extended to fund-raising for international aid projects (Carr et al. 1998). As observers of NGO fund-raising campaigns, TV viewers among the donor public may be making more dispositional attributions of Third World poverty than their counterparts who actually experience poverty first hand. Lack of background knowledge, too great a focus on the human figure, and cultural norms (favouring individualism) would surely fuel this bias among observers, and may partly explain why UNICEF has found disturbingly negative stereotypes of the poor among European youth (Godwin 1994). Among actors, however, collectivistic values (such as might be found among the poor of the Third World) have been linked with modesty (Smith and Bond 1993). This modesty would reduce the likelihood that actors simply and self-servingly blame their poverty on the situation. Their attributions would remain relatively accurate. Thus, the available theory and research indicate that observers of international poverty and economic hardship may be over-attributing poverty to dispositional factors in the poor themselves.

This places some NGO advertising in a rather precarious position. By focusing on the human figure, aid advertisements may actually be fostering victim-blaming rather than social support. Instead, the poor could articulate their situational perspective, thereby raising awareness about the real causes of poverty (Gergen 1994), and increasing donation behaviour (Carr 1996, Kelley 1989). Recent research has indicated the potential usefulness of this paradigm (Carr et al. 1997, Carr and MacLachlan 1998). For example, donation behaviour among Australians has been linked to making situational rather than dispositional attributions.

In any such research, measurement issues are always germane. In this case, the attributions sampled included blaming the victim (dispositional attributions, such as ‘they keep having too many children’), nature (for example, natural catastrophes), Third World governments (for example, systemic inefficiency, corruption), and international economic forces (for example, disadvantageous trade relations, world economy loaded against the poor). Such factors might also be applicable to economic crises, and the scale itself has proved cross-culturally reliable.

Nonetheless, it was developed in the West, and as such may fail to capture key aspects of actors’ perspectives. The next stage in any such research would therefore be to develop items that reflect more clearly the local, actor’s perspective on the problem. In Brazil, for instance, spiritual factors may be given prominence (Tamayo 1994), while for Indonesian actors, discriminatory government policies may be salient (Sarajar and Soemitro 1997). It could be argued that anthropology has been providing actors’ perspectives for some time, but how useful such material is in measuring attributions is another matter. What the new research is moving towards is a de-centred metric for raising awareness of intercultural bias.

Overall therefore, we can say that behavioural science is showing some signs of promise with regard to improving the way that donors (and NGOs in particular) raise money for poverty relief. Attribution research and theory is beginning to make some kind of contribution toward giving more development assistance, although the greatest potential in that regard lies in developing less ethnocentric and more pluralistic models of the attribution (and contribution) process. In our view, such de-centering of measurement is crucial to fostering intercultural understanding.

Delivering assistance

Raising money to alleviate poverty is not the end of the assistance process. Even once the funds and material resources have been generated, they must still somehow be delivered to their potential beneficiaries. This is direct rather than indirect help. Here too the analogy with actors and observers may provide some valuable insights. For example, this approach can be applied to study the effects of becoming an actor – through the direct experience of relief work – on attributions for ‘fixing’ the problem. Does the experience of becoming a helper in a crisis change one’s orientation from focusing on more dispositional attributions to more situational ones? Such attributions are clearly prospective, and they vary in the level of proactivity being advocated. The experience of becoming an actor may also be related to future willingness and motivation on the part of aid workers to help personally.

With the recognition of global warming and related climatic changes, natural disasters such as fires, famines and floods can be expected to become more frequent. The recent flood at Katherine in Australia’s Northern Territory was a stark example of things to come. When the desert floods, the differences between actors and observers may be high, rendering their investigation particularly revealing. In the Northern Territory, ongoing research has been examining the impact of attributions on the post-disaster clean-up among various helping occupations. It has been predicted, for instance, that direct experience of the flood will alter attributional orientation as well as readiness to help in future crises (Duursma 1998). It is also possible that the experience of a flood affects attributions of post-disaster relief between communities and internationally, as in the
case of the recent floods in Townsville and the Cook Islands. There is, therefore, an international aspect to this type of research.

Generating assistance

Directing resources at the problem, from outside the system, is not the only approach to development assistance. More important is the generation and mobilisation of resources from within the community. Such resources, of course, include the relatively intangible resource of human beings themselves – in particular their readiness to direct their own behaviour towards helping to manage the crisis in question.

In the present economic crisis, these can include, and have included, taking pay cuts, sharing jobs, buying regionally produced goods and services, and making tax concessions. The present project is based on such concerns, and focuses on actor-observer differences in Thailand and in Australia. It is in Thailand that the effects of the crisis have been felt longest and most directly, and therefore its people are most analogous to actors. Australia, for the moment at least, is perhaps the least affected country in the region, and its people are therefore most analogous to observers. A comparison between Thai and Australian perspectives on the causes of the crisis thus provides us with a field test of actor-observer theory.

Based on lessons from poverty research, the research team is soliciting, by qualitative methods, lay and expert views on the causes and meanings of the economic crisis, as well as the possible helping behaviours that individuals, either as actors or as observers, feel able and ready to give. The next stage will involve the compilation of the Perception of Economic Crisis Scale. This will incorporate both Australian and Thai perspectives on the causes of the current crisis. Buddhist concepts of development include the tenet that human 'actions should be guided by wisdom and right view' (Phra Debedvi 1993). According to this view, 'small is beautiful,' and goals should be attained with the minimum means (embracing intellectual consumption, self-sufficient economics, and the law of Kamma [doing]). Human satisfaction can be attained with minimum consumption.

This seems to be the antithesis of the view of economic development that is supposedly 'globalising'. There appears to be a prevalent view in Thailand that some people in the finance and business sectors have abandoned Buddhist principles and embraced the modern view of increasing consumption, to the detriment of the country as a whole. There may be a growing backlash in Thailand against the notion that development equals more consumption, and Thais may have radically different (yet complementary) views of the crisis from Australians. In such an event, there is the potential for cross-fertilisation and communication of ideas on how to manage the situation more effectively. Australian policy makers and social marketers, for instance, may become aware of Buddhist theoretical perspectives, and of the new light that these perspectives throw on the problem as it comes closer to home.

What about the actor–observer difference? The available theory and research, reviewed above, indicates that Thai people, being on the whole closest to actors in the crisis, will be likely to strongly endorse situational attributions, whatever they might be. (Of course, some Thais will be more akin to observers than actors, but we are talking generally here.) The research team will then investigate which factors predict readiness to make sacrifices, either for actors or observers. Again, we recognise that some Australians will be akin to actors, and will control for this across the two samples. In both cases, the prediction is that stronger situational attributions will be linked with increased readiness for doing what one can to assist, whether the situational factor comprises, for example, Buddhist doctrine in Thailand or Labor Party support in Australia. Moreover, the development of a multi-cultural scale, with initial framing input from both cultural and contextual settings, represents the views of both observer and actor. This in turn should make it possible to carry out a proper assessment of the effect on observers or non-supportive actors of hearing the situational view. We will have our metric for de-centering, and gauging in a non-ethnocentric manner, the impact of intercultural communication about the causes and meanings of the economic crisis.

Prospects

It is in some ways unfortunate that social research of this nature has a future. Economies seem to be functioning more as regional than as global entities. It is regional and not global crisis that is proliferating, generating psychosocial research in West Africa (Ajuwon and Shokunbi 1997) and South America (Montero 1996). Meanwhile, within these regions, and the countries that comprise them, disparities between the 'haves' and the 'have-nots' seem to be widening rather than closing. Within the region as a whole, we can expect a transition for many, from observer to actor. Within Australia, there are already acute actor–observer differences between indigenous and non-indigenous communities (Reser 1991).

Basically this project seeks to capitalise on such shifts. In the longer term, systems theory predicts that such differences, unless at least partially corrected, will escalate. In a supposedly civil society, perhaps one significant contribution that social research can make is to help manage, however incrementally, these escalating sociocultural and socioeconomic communication gaps – before they reach that stage. As the rise of One Nation in Australia has now signalled, that cusp 'catastrophe' may be closer than we realise.

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Preventing to conduct a successful microfinance loan scheme in rural Vietnam

Overview

This article examines the various cultural and organisational factors that need to be considered prior to the implementation of a microfinance project proposed for very poor women in a Vietnamese rural village in Ba Ria-Vung Tau Province. Underpinning an inductive bottom-up approach of learning, it was implemented by the founder of the Grameen Bank, Mohammed Yunus, this paper will first focus on the potential woman client and her family, and the reasons for her present state of economic and social disadvantage. It will then be proposed how a small loan can change the lives of women and their families in Ba Ria. By assisting them to become economically self-sufficient, this project will increase their ability to provide better nutrition, housing, clothing and education for themselves and their families.

The successful implementation of a microfinance project in Vietnam requires the examination of the principles, ideology and methodology of the Grameen Bank model. Those who will implement such a model will need to be mindful of the cultural and economic factors which exist in Vietnam, including the factors which perpetuate the poverty of many rural households (Ahn and Huan 1995). The success and/or failure of similar lending projects will be examined, along with the factors which determined these outcomes.

Ba Ria-Vung Tau Province

Ba Ria-Vung Tau Province is in the south of Vietnam. The town of Vung Tau is 128 kilometres southeast of Ho Chi Minh City (Saigon), on the coast, and east of the Mekong delta. In 1986, the policy of doi moi (‘renovation process’) was implemented. The integration of Vietnam into regional and world markets meant a reduction in state-run enterprises and encouragement of private ownership. However, small scale industry declined dramatically and only 30 per cent of small industry and handicraft cooperatives survived because of their uncompetitive bases (Gates and Truong 1992).

The average rural Vietnamese income is about US$200 per year, one of the lowest rates in Asia, with 80 per cent of the people living in rural areas and suffering from periodic and chronic food shortages. One third of people in rural areas live below the poverty line on a very basic level of subsistence. Many women are self-employed in the informal sector as hawkers (Hainsworth 1993).

Ba Ria is near the sea, so there are numerous markets selling seafood and plenty of scope for tourism. With no government pensions or unemployment benefits, the older people live with their children and grandchildren. Many families grow their own vegetables and fruit, and raise

References


Sarajar, T. and D. Soemitro, 1997, Attributions for poverty among Jakarta's rich and poor, Department of Social Psychology, Universitas Indonesia, Depok, Jakarta.

chickens, ducks and pigs. The elderly are respected and would need to be involved in the setting up of any project. A sample of Vietnamese women surveyed in Brisbane were of the opinion that small loans would only help small farmers, and most businesses would need at least $5,000 to get started. They felt that large loans, suitable for setting up factories that would provide many jobs, would be preferable. A survey of 150 farm households in Binhluoc district in 1998 revealed that the average loan was about US$350, used mainly for rice production and animal husbandry. Loans in excess of US$500 were used for non-agricultural purposes such as setting up transport businesses. Women did not apply for this type of loan.

While assistance in the form of foreign aid is clearly needed in the rural areas, 70 per cent of all aid funds goes to the four largest cities (Harker 1998). A microfinance programme based on the Grameen model appears to be one effective means of addressing the problem of poverty which enables the poor to make decisions about their own development.

How do households get into debt?

The quality of life circumstances of members of a household who are officially classified as marginalised (Porter 1995) is more adequately reflected by what households refer to as 'endowment marginality' and 'risks to livelihood marginality'. According to Porter (1995:219-20), endowment marginality includes:

- A high incidence of morbidity and mortality with respect to diseases of poverty, notably malaria, dengue, diarrhoea, obstetric problems and respiratory tract infections;
- An inability to accumulate savings or capital either in the form of cash or tools, machinery, livestock, etc;
- Living in areas remote from commune markets, health and educational facilities, or linked by poor quality tracks well beyond transport services;
- A tendency to sell more nutritious, higher value produce to raise income;
- A tendency to have a higher proportion of female single heads of households; less than 1.5 adult labour units per family, high dependency ratios (many children and aged dependants) and a greater proportion of children under five years of age in the family.

Risks to livelihood marginality include climatic perturbations (for the landless this translates into the absence of daily and seasonal rural employment markets), and illness. These marginalities relate directly to the debt portfolio of many households, especially the risks associated with illness.

Following doi moi, privatisation of health services in 1992 in Ba Ria-Vung Tau Province has increased debts related to illness considerably. Eighty per cent of chronic debt can be associated with ill health. Unable to access official lending institutions due to the absence of any collateral, the poor rely on money lenders who charge exorbitant interest rates of 15 to 30 per cent per month for their services.

For a large proportion of these households, chronic indebtedness is recent and can be attributed to two aspects of economic liberalisation:

(i) Communes are no longer responsible for financing commune health services and the cost of medical care often arises from over-prescribed services and direct payment to health workers for these services (Anh and Huan 1995).

(ii) The uneven penetration of the market economy and few opportunities to be employed in a non-farm rural enterprise economy, causes food shortage for households who rely on seasonal employment on farms. If the working member(s) of these households falls sick, there is no alternative source of employment. Hence families become dependant on borrowed money for health services (Fahey 1995, Porter 1995).

Social disadvantages impinging on employment/business opportunities

The current economic climate is not conducive to providing women with opportunities to engage in small private business enterprises, seek technical or professional training, or generally take control of their lives. Poor women who do run small businesses see their profits disappear in exorbitant interest rates (up to 30 per cent a day). Raw materials can only be obtained by borrowing more money. Lack of capital assets prevents these women from borrowing from official lending institutions that are mostly interested in lending large amounts to established enterprises. Women are often forced to sell their goods to the money lender, who in turn sells the products at markets where they can fetch higher prices for the goods. Travelling to distant markets is impossible for women with young children and no access to transport. By the time they have repaid their loans plus interest, paid for services rendered and the supply of the next round of base materials, the amount of profit that the women can earn is negligible (Fahey 1995, Rahman 1993).

Many households have access to less than half an acre of land, which is too small to yield adequate food supplies for the household. Productivity is low due to lack of funds to purchase fertiliser, seed and other materials. Absence of irrigation is another important factor in their marginalisation. Thus, the cycle of poverty is perpetuated.

Moving a village out of debt

'What would you do with 120,000 dong if someone would offer to lend this amount to you at an interest rate of 20 per cent per year?' This question was asked of a group of poor
rural women in Ba Ria-Vung Tau Province. This amount is approximately $120 – the approximate earning over a six month period for these marginalised households.

Many women knew exactly what they would do if given this opportunity:
(i) Buy some chickens, or a pig, which could be resold for a profit in due time. From these proceeds they would be able to buy more chickens or pigs;
(ii) Make their half an acre of land more productive by growing vegetables and flowers which could then be sold at the local markets, as well as providing food for their own household;
(iii) Purchase one or two cooking pots to enable them to sell their wares at the village market; and
(iv) Buy a sewing machine and material to make clothing for sale at the local or city market.

It soon became apparent that their initial business apathy and general despondency was due not to a lack of ability or initiative, but rather to their general state of poverty, in particular the lack of affordable credit. The women realised that a small loan at an affordable interest rate would enable them to break away from money lenders, accumulate enough cash to buy their own base materials and gradually become self sufficient. The huge implications for their families’ health, housing, educational and nutritional status was not lost on them. Properly undertaken, this project would have the potential to change lives.

The overwhelming response to the survey is a clear indication of the women’s interest in a microfinance project: 391 out of 400 women completed the survey, with assistance from the local Women’s Union. The survey collected data on women’s occupation, educational level, family earnings, small business training needs, and years of residence in Ba Ria-Vung Tau Province.

The way ahead
The next step in this bottom-up approach is to explore how these opportunities can become a reality. To be eligible for a microfinance loan, the borrower should:
(i) Be a woman. Reports from various regions in the world consistently point to a significantly higher repayment rate if the borrower is a woman (Bennett and Goldberg 1993, Islam et al. 1993);
(ii) Own less than half an acre of cultivated land or assets with a value equivalent to less than one acre of medium quality land, in order to ensure that this project reaches the poorest of the poor and not, as reported in some cases, financing households who do not fit into this category;
(iii) Be poor according to the House Index, adapted for local conditions in Asia. This validation is proving to be very effective, accurate and cost effective, and requires less training for field staff.

Experimentation and ‘learning by doing’ (Rahman 1993) constitute the heart of the Grameen Bank approach. This may be an important point to keep in mind for those who will be involved in the Vietnam project.

Certain processes will need to be undertaken to increase the likelihood of success. It will be necessary that the following ten steps, based on a review of the microfinance literature and interviews with Vietnamese groups, are built into the project plan:

1. A short, but well developed training programme for those who will be administering the project, as well as for the borrowers, will need to be put in place prior to the commencement of the project.

2. Mechanisms that address problems within groups, such as non-payment and payment delays, will need to be thought through. The evidence points to the effectiveness of immediate rectification, rather than tolerating a reducing repayment rate.

3. Loans are to be kept small should not exceed 120,000 dong, which is the equivalent of approximately half a year’s income ($120).

4. Interest rates are to be realistic, reflecting commercial rates, and need to be set at least at 18 per cent per annum.

5. Compulsory savings equivalent to five per cent of the principal should be deposited into the group fund.

6. Compulsory contributions should be made to an insurance policy administered by the Women’s Union, previously referred to as the emergency fund. Contributions would vary according to the size of the loan. In times of emergency, such as the sudden illness of a family member, this fund functions as an insurance policy and can be accessed for such purposes.

7. Although not compulsory, VAC practices – the Vietnamese acronym for combining gardening, fishing and animal husbandry – are to be encouraged, even though all borrowers will only have half an acre of land or less.

8. An independent accountant needs to be engaged to monitor the financial operations of the project, with weekly reports, followed up by monthly reconciliation of accounts.

9. Resources in the world community need to be mobilised to investigate funding for an irrigation project (possibly the sinking of a well) to improve cultivation and hygiene opportunities, as well as a sanitation project to reduce the incidence of infectious diseases caused by raw human wastage in drinking water.

10. A local health worker should be engaged to advise women on health-related issues.
Conclusions

Replication of the Grameen Bank model is a feasible undertaking, provided all the basic principles are adhered to. Although the economic and social environment of Vietnam is somewhat similar to Bangladesh, where the Grameen Bank model originated, the political context is quite dissimilar. Considerable care and political sensitivity will be needed to negotiate with the power structures in Vietnam.

This project seems timely and, if implemented according to the Grameen principles, will contribute significantly to women’s self sufficiency. This in turn will enable participating households to access credit from formal lending institutions. Increased economic self sufficiency will therefore lead in the long term to improved housing, health and educational opportunities.

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References


Crisis sparks power shift

The Asian economic crisis could bring shifts in the region's balance of power, Alexander Downer said yesterday, then reinforced the point by announcing Australia would hold annual political and military security talks with Russia. He said some countries had fared better in the crisis than others 'and that may lead to shifts in the balance of power in the region'. However, he would not speculate on what this shift might be.

Russian Foreign Minister Yevgeny Primakov agreed during a meeting in Manila with Mr Downer's proposal for talks, which Australia's Foreign Minister said would allow the two countries to share views on security issues in the region and worldwide.

'As the countries of the East Asia-Pacific region become increasingly interdependent, strategically and economically, habits of dialogue and information exchange are essential in building trust and enhancing transparency,' Mr Downer said.

The East Asian economic crisis so far had had negligible effect on security. On the positive side, many countries had had to reduce their defence spending, especially in buying defence equipment. However, this was offset by some countries' lack of resources, which reduced their capacity to hold joint military exercises that were important in building confidence between countries.


Warning! Time is running out for Asia's forests

India is one of many Asian countries which has almost wiped out all its natural forest. Some 99 per cent of India's original forest has been lost while 57 per cent of the current forest is threatened by logging, says the US-based World Resources Institute. India's 'frontier forests' — large intact natural forests — are under greater threat than those in Burma, Australia and Papua New Guinea.

Asia has lost almost 95 per cent of its frontier forests. From 1960 to 1980 this region had the highest rate of forest destruction in the world. Today isolated pockets of frontier forest remain in Burma, Laos and Cambodia where war and civil unrest have inhibited development. But commercial loggers, who have exhausted resources in Thailand and peninsula Malaysia, have recently moved into these areas.

Asia is the world's most densely populated region, with one person for every hectare of land, and demands for food and agricultural land are ever increasing. In addition, worldwide demand for paper products continues to grow. ... And demand is expected to increase — global consumption of industrial wood products is predicted to rise by more than 50 per cent in the next 12 years.
The pressure for poor countries to develop these lands is overwhelming. Despite this, the Institute claims, remaining forest areas are often not ‘ripe for development’ – the forest’s soil is mostly ill-suited for agriculture and there is little commercially viable timber per hectare.

*New Internationalist,* July 1998, p.5

**Bangabandhu Jamuna Bridge becomes a reality – Longest bridge in South Asia to transform Bangladesh economy**

Bangladesh’s Bangabandhu Jamuna Bridge opens next week to much fanfare and celebration, transforming travel and commerce between major towns, and with it the country’s economy.

Spanning 4.8 kilometers, the bridge, equipped with train tracks, power lines and gas pipelines, is the longest in South Asia and the eleventh longest in the world. As it winds down Bangladesh’s Jamuna River to the Bay of Bengal, the bridge will link millions from the country’s northwestern districts to the rest of the country.

New roads and construction activities for the bridge meant that nearly 15,000 families needed to move to new villages. Several Bangladeshi non-governmental organisations ensured that those affected by the bridge were fairly compensated and that no one was made worse off by the project. Provisions have also been made to compensate households that may be affected by erosion and flooding due to the bridge and to alleviate other environmental effects.

The project was funded by the Government of Bangladesh, with cofinancing from the World Bank, the Asian Development Bank, and the Japanese Overseas Economic Cooperation Fund. Each donor contributed $200 million to the $800 million project.


**Toilet maker flush with Chinese sales**

It was during a State visit to Australia last year that the Chinese leadership finally got to grips with China’s terrible toilet problem.

Security guards became so nervous over the long bathroom break being taken by Zhu Rongji, China’s premier-in-waiting, that they forced open the cubicle door – only to find the former engineer carefully studying the innovative two-button dual flush system he had dismantled on the floor. ‘We must introduce this toilet to China,’ concluded Zhu, visibly impressed.

It was welcome news for the Caroma Australia toilet manufacturers, who are now expanding into a huge market. Ordinary Chinese were also delighted by the hands-on approach to improving the most infamous loos in the world. The administration in Shanghai has declared the toilet improvement campaign ‘the No.1 task under heaven’.

Lou Ziaooji, whose non-governmental Foundation of Civilised Development has lobbied the Chinese authorities for better public conveniences for years, has so far supervised the construction of 38 gleaming public super­loos in Beijing.

*The Australian,* 17 August 1998, p.1

**A debt-free millennium**

A growing international campaign to cancel the debts of the world’s poorest nations is gathering steam. Jubilee 2000 is creating a petition to be presented to the 1999 G-8 conference in Germany. It is also asking for people to send letters to politicians and to the IMF urging their support for debt relief.

‘Jubilee 2000 is a time to say, “My God, what have we been doing?” says John Patrick, a Catholic priest in Nigeria. ‘Can we look on the debt as a purely financial affair when millions of people are dying for want of medicine, children not going to school, people dying of hunger, simply because they have to pay their debts?’

Organisations from 40 countries are currently involved in the campaign. For more information contact Jubilee 2000, PO Box 100, London SE1 7RT, UK. Tel. +44 171 401 9999, e-mail: mail@jubilee2000uk.org, website: http://www.jubilee2000uk.org

*Update,* New Internationalist, March 1998, p.6

**Millions in need of emergency food**

The World Food Programme (WFP) has recently revealed that some 4.3 million people in Ethiopia are in need of emergency food aid. The WFP said that it had decided to establish and expand alternative transport and logistics arrangements to ensure the delivery of urgently need humanitarian food aid to the vulnerable people in Ethiopia.

On behalf of other partner UN agencies, WFP has negotiated with the Ethiopian officials, Djibouti seaport representatives and transport companies to ensure that in the coming months, 240,000 metric tonnes of much-needed food will be regularly processed through the port and safely delivered by rail and truck.

WFP said the food had been committed to the vulnerable population in Ethiopia prior to the outbreak of hostilities, but added that shipments of food may be slowed down since the port of Djibouti is expected to become increasingly congested.

*Winter 1998*
The 240,000 tonnes of food were contributed to Ethiopia by WFP, the European Union, the United States and Canada. A small portion of the aid will go to NGOs working in Ethiopia.


Record lending in fiscal 1998: Rise in assistance to Asia, Africa

The World Bank's lending jumped to record levels in fiscal 1998, boosted by its support for countries hit by the Asia crisis.

The World Bank committed $28.6 billion between July 1, 1997 and June 30 1998, for market-rate loans from the International Bank for Reconstruction and Development (IBRD) and interest-free loans from the International Development Association (IDA). By comparison, commitments were $19.1 billion in FY97 and $21.4 billion in FY96.

East Asia's unprecedented financial crisis, during which countries such as Korea, Thailand and Indonesia have been hard hit by plummeting currencies, slumping domestic demand, and a drop in trade, was a big reason for the marked increase in lending. Overall, the region received $9.62 billion in new commitments for 45 projects. Bank support for the region's financial crisis included pledges of up to $16 billion to support structural reform and technical assistance programmes, of which a record $3 billion loan was made to the Republic of Korea in December 1997.

The finance sector ($5.42 billion) saw the largest share of lending, followed by the transport sector ($1.11 billion) and agriculture ($1.06 billion).


Indonesia's recipe for disaster: no jobs, no food

Unemployment on a massive scale coupled with sky-rocketing prices for basic commodities is clearly a recipe for social unrest. Such a combination is exactly what confronts President Habibie, who has yet to gain the confidence of most of his people or of international investors.

With economic recovery at least five to seven years away in even the most optimistic scenarios, a gargantuan task facing his government is to alleviate the suffering of those Indonesians who will remain jobless, hungry and perhaps desperate for years to come.

The economic crisis that began in mid-1997 has crippled hundreds if not thousands of local businesses, most prominently in the construction sector. Labour-intensive export-oriented manufacturing firms — for a decade the main engine of growth — have also been shedding their workforces.

Indonesia's economy is expected to shrink to 19 to 15 per cent in 1998. Even in the most prosperous of times, only 2.3 million of the 2.7 million annual new entrants into the workforce could be absorbed. Now the government projects that 17 million people will be unemployed in 1998, out of a total workforce of nearly 90 million, though the number could well exceed 20 million.

Vedi Hadiz, The Australian, 8 September 1998, p.29

Overseas assistance – Australians support it

A survey commissioned by the Australian Government in cooperation with the Australian Council for Overseas Aid (ACFOA) has found that Australians overwhelmingly support the aid programme.

The results of the survey were issued in separate media releases by ACFOA's Janet Hunt and Foreign Minister Alexander Downer. 'The statement shows that a clear majority of Australians support the notion that we should help others around us and not live in splendid isolation, pretending we are not part of the global community where millions of people have no choice but to live in extreme poverty,' said Mr Downer.

A total of 84 per cent of those surveyed approve of Australia providing aid. Of these, 52 per cent approve of giving 'a lot' and 32 per cent approve of 'a little'. A total of 13 per cent disapprove. A great number of people thought that the government should increase foreign aid — 42 per cent said current expenditure was sufficient while 15 per cent wanted to reduce the aid budget.

The long term trend has seen support for foreign aid remain fairly constant in OECD countries, including Australia, despite increasing unemployment and poverty. The survey results indicated that this trend continues.

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Gender and international studies: Looking forward


Organised by Millennium: Journal of International Studies, the conference will focus on ecology and technology; peace and conflict; and refugees and migration. The conference is intended to be interdisciplinary, and will feature presenters theorising on the feminine, masculine, homosexual, and transgendered in relation to the above issues.

For more information contact:
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Tropical health for the twenty-first century – clone, cure and control

Liverpool, UK, 14–18 September 1998

The second European Congress on Tropical Medicine will be jointly organised by the Royal Society of Tropical Medicine and the Federation of European Societies for Tropical Medicine and International Health. The topics to be covered are vast and many. They include guidelines for the analysis of gender and health; education in international health – setting the agenda on South–North collaboration; diabetes in the tropics; malaria in pregnancy; multi-drug resistant tuberculosis; designing satellite systems for disease surveillance; advances in tropical child health; pregnancy and childhood anaemia; vaccines against parasites; and coping with HIV in the tropics.

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Turning down the heat

Yamba, NSW, 17–18 September 1998

The 1998 Australian Global Warming Conference will provide a forum for debate on climate change issues for local government and communities. This year's conference will focus on the practical application of climate change amelioration strategies relevant at a community level. Possible topics for the conference include energy efficiency; waste management; transport; carbon sinks; vegetation conservation; extreme weather events; coastal and estuarine management; Local Agenda 21; and Cities for Climate Protection. Papers are invited.

For more information contact:
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Pacific representations: Culture, identity, media

Canberra, ACT, 22 September 1998

This interdisciplinary conference will analyse changing representations of culture and identity in the Pacific in the face of new global pressures and emerging local tensions. It will bring together people from a variety of disciplinary and institutional backgrounds to discuss cultural and
political responses to globalisation, lingering colonialism and the emergence of new economic and political relationships. The conference will provide an opportunity to identify key conceptual and theoretical issues relating to identity and the politics of representation. There will be a special focus on the media’s role in perpetuating or contesting existing representations.

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New perspectives on island telecoms: Global networks, local requirements
Suva, Fiji, 21–23 October 1998
Telecommunications requirements and service provision pose challenging problems for many of the Pacific Island communities. Remote locations, small populations, scarce resources, diverse cultures, varying economic bases, and frequent natural disasters, all contribute to the difficulty of providing adequate telecommunications and information services in the Islands. Sponsored by the Pacific Telecommunications Council and the Pacific Islands Telecommunications Association, this conference and exhibition will explore telecom requirements as well as many successful applications and some of those which have failed. It is hoped that fresh perspectives regarding regional and global trends, as well as new systems and facilities which could benefit the Island states, will be gained.

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Impact assessment in the development process: Advances in integrating environmental assessment with economic and social appraisal
Manchester, UK, 23–24 October 1998
Sustainable development can only be achieved on the basis of a balanced appraisal of the environmental, economic and social impacts of a country’s major development projects as well as its development policies, plans and programmes. The objective of the conference is to review recent advances in the theory and practice of integrating environmental assessment techniques with methods of economic appraisal and social impact assessment, in different types of economic systems. Papers are invited.

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New partnerships – better care: Information technology and community health
Victoria, Canada, 1–4 November 1998
This conference addresses issues in information technology and community health. In particular, it will focus on how information management and information systems are changing to improve community health. Prospective topics may include community health information systems; evaluation of information management; integrated health planning; medical practices and community medicine; health policy; intranet/internet/world wide web; technology assessment; health data networks; and appropriate technology. Papers are invited.

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Developing health

Canberra, ACT, 11–12 November 1998

Changing political and economic environments during the 1990s are challenges for people involved in public health, where they are located. On the occasion of its tenth anniversary, the National Centre for Epidemiology and Population Health is holding a national conference on the theme Developing health. This conference is for anyone working in the public health field, and students are particularly welcome. Papers are invited.

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There are no boundaries

Washington, DC, 30 November–2 December 1998

Sponsored by the National Telephone Cooperative Association in partnership with the World Bank, this conference is devoted to the issue of rural telecommunications development. Finding ways to serve rural residents is one of the most critical concerns in international communications technology development, and this will be the first worldwide attempt to address this specific issue. The three focus areas will be: policy conducive to rural telecommunications development; technology choices appropriate for rural areas of developing countries; and appropriate or suitable organisational structure of entities delivering telecommunications services to rural areas or isolated communities. Papers are invited.

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Interdependence in Asia Pacific: A multidisciplinary perspective

Stockholm, Sweden, 30 November–1 December 1998

Organised by the Swedish Institute of International Affairs and the Center for Pacific Asia Studies at Stockholm University, this conference will address the challenges raised by today’s integrative and disintegrative trends and developments in the Asia-Pacific region. It aims to contribute to the Asian-European dialogue by focusing on trends and tendencies towards regionalism in the Asia-Pacific. The conference will also highlight the effects of the current economic and financial crises on these processes. Papers are invited.

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Reconstruction, recovery and reconciliation in Bougainville

Sydney, 36 November–2 December 1998

The objective of this conference is to contribute to the recovery process on Bougainville by encouraging people involved in recovery, reconstruction and reconciliation to identify their vision of the new Bougainville and effective and feasible ways of realising this vision. The main themes to be covered include the underlying causes of the conflict; the current situation; planning and implementing reconstruction and recovery; and forgiveness and reconciliation. Papers are invited.

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Geography and geographic education in twenty-first century Asia: Directions and challenges

Singapore, 30 November–4 December 1998

This is the fifth International Conference of the Southeast Asia Geography Association. The conference seeks to bring together academics and researchers in geography, and planners and specialists in related fields from within and outside the region, to share their research findings on different aspects of the Southeast Asian situation. Topics to be covered include environment and environmental education; developmental issues; regionalisation and globalisation; IT in geography/GIS; population issues; gender issues; tourism and leisure; urban and regional planning; and geography school curriculum.

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Healing the century of violence: Towards sustainable peace
Melbourne, Victoria, 4–7 December 1998

This, the 13th World Congress of the International Physicians for the Prevention of Nuclear War, will have a strong focus on peace building, development and independence issues of the Asia–Pacific region. Themes include landmines in South Asia; nuclear issues in North Asia; debt and health; biological weapons; globalization; and the impact of sanctions.

For more information contact: Medical Association for Prevention of War (Australia) IPPNW Xllth World Congress PO Box 1045 Carlton, VIC 3053 Australia Tel +61 (0)3 9486 6078 Fax +61 (0)3 9486 6078 E-mail mapw@ozemail.com.au Web http://www.ozemail.com.au/~mapw/congress.htm

Preparing for the twenty-first century
Christchurch, New Zealand, 7–10 December 1998

The sixth Pacific Islands Political Studies Association Conference will reflect on the political events that have dominated post-colonial Pacific politics for the past three decades, and their relevance for the next century. Topics to be covered include change and continuity in Pacific politics; governance, globalization and Pacific politics; indigenous minorities – rights and issues; diasporas in the Pacific; the politics of natural resources; Pacific security; environmental issues; and gender and politics.

For more information contact: PIPSA 98 Conference Organiser Centre for Continuing Education University of Canterbury Private Bag 4800 Christchurch New Zealand Tel +64 3 364 2534 Fax +64 3 364 2057 E-mail pipsa@cont.canterbury.ac.nz Web http://www.conference.canterbury.ac.nz/pipsa/hmpage.html

The global meeting of generations: Vision and action for equitable development in the 21st century
Washington, DC, 13–15 January 1999

This conference is part of a four year programme designed to engage people of all generations in articulating new visions and actions for equitable development. Themes include family and community; work, employment and income; demographics, health and lifelong planning; governance and participation; environment; international development cooperation and finance; and development education and communication.

For more information contact: The Global Meeting of Generations C/- International Development Conference 1875 Connecticut Avenue, NW Suite 720 Washington, DC 20009-5728 USA Tel +1 202 884 8580 Fax +1 202 884 8499 E-mail idc@idc.org Web http://www.idc.org/gmg

Twenty-first annual Pacific telecommunications conference
Honolulu, 17–20 January 1999

Key issues within the following major areas will be discussed: broadcasting (terrestrial, satellite and cable); business and finance telecommunications issues; country studies; environment enhancement; history of significant telecom and information technology developments; improving service in less developed areas; internet issues; regulatory, legal and political subjects; and social and cultural issues (privacy, security, cultural erosion). Papers are invited.

For more information contact: Pacific Telecommunications Council 2454 South Beretania Street Suite 302 Honolulu, Hawaii 96826-1596 USA Tel +1 808 941 3789 Fax +1 808 944 4874 E-mail ptc99@ptc.org

Gendered sites, human rights: Gendered sights, human rites
Dunedin, New Zealand, 8–11 February 1999

This conference will address the current agenda of the International Geographical Union Commission on Gender. It aims to explore the nature of human rights and rites, and will investigate the gendered spaces and perspectives, which enable a critical reading of these rights, responsibilities and practices. Expressions of interest in attending and participating should be sent to:

Ruth Liepins Conference Convener Department of Geography University of Otago PO Box 56 Dunedin New Zealand E-mail igu.gender@hyperperth.otago.ac.nz

Globalisation and the Asian economic crisis
Honolulu, 23–27 March 1999

The 95th Annual Meeting of the Association of American Geographers will examine the Asian economic crisis. Questions to be asked include are these events the inevitable outcome of economic globalisation and financial integration? Are they exacerbated by externally imposed disciplinary action? Are they attributable to ‘corrupt’ regimes and
domestic financial mismanagement? What are the social and political implications of both the ‘problems’ and the ‘solutions’? How have the Asian ‘region’ and its ‘crisis’ been represented? Papers are invited.

For more information contact:
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The role of information and communication technologies in economic development

Multan, Pakistan, 12–15 April 1999

Sponsored by Charles Sturt University and Universal Tutelage Advisors Ltd, Pakistan, this two day conference will investigate how information and communications technologies may be employed to promote economic development. The focus will be towards countries of the Third World and the South Asian region. Topics of interests include national policies for information and communication technologies; applications of information and communications technology; communication technologies in education; and the impact of the information age on the health care system, law, tax and education.

For more information contact:
The Secretary
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Colonialism and public health in the tropics

York University, Canada, 18–19 June 1999

The aims of this conference are to contribute to the growing scholarly debate on the comparative history of colonialism and public health. It will explore the cultural and ideological dimensions of public health in Britain’s tropical empire, examine the variation in public health systems within the empire, as well as issues such as the significance of metropolitan concepts of race, and the role of the metropole as the disseminator of policies and practitioners throughout the empire. Themes to be addressed include indigenous healing systems and European health care; colonial mental health and the construction of race; public health, sanitation and urban spaces; gender and colonial health care policy; and public health in the age of empire.

Papers are invited.

For more information contact:
Dawn Harris
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Women’s worlds 99

Tromsø, Norway, 20–26 June 1999

Feminist research and interdisciplinary scholarship is the basis of the seventh International Inter-disciplinary Congress on Women. Session themes will include gender-ations; new constructions of gender; women, power and politics; gendering work and the economy; gendering health; sexualised violence; gendering the past; gendering the future; peace, indigenous and human rights; culture, creativity and spirituality; gender, science and technology; the women’s movement/feminist activism world-wide; and gendering men. Papers are invited.

For more information contact:
Women’s Worlds 99
Kvinnforsk, University of Tromsø
N-9037 Tromsø
Norway
Tel +47 7764 5899
Fax +47 7764 6420
E-mail womens.worlds.99@skk.uit.no

Water, health and development

Noordwijkerhout, The Netherlands, 17 March 2000

SIMAVI is a charitable organisation which provides direct support to medical projects in developing countries. In the year 2000, Simavi will celebrate its 75th anniversary by hosting an international conference.

For more information contact:
Mr A. Koornneef, Head
Public Relations & External Communications
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Winter 1998
Book reviews

Building an Asia–Pacific community:
Development cooperation within APEC


The concept of development cooperation is changing rapidly. Developed and developing countries can now share each other’s experiences, and learn from each other’s successes and failures. This approach is different from the traditional donor–recipient relationship, and is the underlying theme of this book.

Each of the eight articles offer insights into a variety of issues relevant to articulating and developing a multi-pronged approach to building an Asia–Pacific community, and are written without the use of economic and policy jargon. There is universal agreement that communities are the backbone of any sustainable development cooperation programme, and this book should help the non-government sector understand the complex nature of many of these issues. The publication will definitely help people to improve the quality of non-government leadership, as articulated by Ponciano Intal Jr. His article reinforces the importance given by the UNDP and the World Bank in promoting and strengthening the capacities of NGOs in the development cooperation programme.

Andrew Elek raises a fundamental issue which worries both donor and aid recipient communities. Do we need another aid bureaucracy? He argues that APEC should avoid establishing another aid bureaucracy. The development cooperation industry in many ways is already in crisis. There is an overall decline in the amount available for disbursement, and many donors perceive that recipient countries must lift their game before assistance can be put to real use. Opponents of the aid programme argue that money should first be spent on the disadvantaged at home. A proliferating aid bureaucracy would only play into the hands of aid opponents. Thus, by strongly arguing against the creation of another aid bureaucracy, Elek has strengthened the case for a mutually beneficial development cooperation programme within the community.

Charles Morrison provides a clear account of the current issues in the development cooperation programme, and how new ideas of a cooperation programme have emerged and are gaining acceptance. Students and activists in the development cooperation industry will benefit immensely from his analysis.
Chen Luzhi’s paper stresses the need for the standardisation of an action plan. However, the diversity of the APEC countries may not make it possible to adopt a standardised approach. The recent financial crisis in some APEC countries clearly underlines the danger of the indiscriminate standardisation of policies. If standardisation is to be considered, the focus should be on the general direction of policies. Discussion of standardisation is nonetheless valid and important as a long term objective, particularly for trade liberalisation and closer economic and trade links.

A major theme in most of these articles is the urge to develop a consensus approach to the development cooperation programme. How far and to what extent this consensus approach can be developed remains a real issue. APEC constituents are different in all possible aspects: ethnically, economically, socially, politically and culturally. Many will consider that consensus is difficult, as exemplified by the recent financial crisis in East Asia and by policy differences between multilateral agencies and governments seeking assistance.

Trade liberalisation within the APEC countries will have varying impacts on different countries, at least in the short to medium term. The reform process, whether it is in public administration or taxation or trade policy, is always resisted, particularly by those who feel personally threatened. Given the extreme divergence of the APEC economies, if trade liberalisation policies were to succeed, it would be sensible and practical to consider the simultaneous implementation of policy packages to minimise any internal opposition in affected countries. Trade liberalisation policies, however, even at the best of times are difficult to introduce from outside.

It is implied that for the reform process to succeed, policies must be generated internally. Institutional, budgetary and social security reforms are all part of this strategy. Duncan, Lewson and Chand’s focus on the need to develop a social security system that will underpin industrial structural adjustment is justified. Unless this is in place, reform measures will face internal opposition, and are unlikely to succeed. Even if they do succeed, the cost will be high for the community and there will not be any long term assurance for their sustainability. Intal Jr’s focus on governance issues is also vital, as an open and transparent decision making process always assists in gaining community support for reform measures.

The real success of APEC will depend upon the people in member countries accepting the grouping as both individually and collectively beneficial to them. However, as long as glaring discrepancies exist between member countries in terms of economic capacities, institutional weaknesses, and standards of living, selling reform measures to the weaker states will require extra effort. Intal Jr’s focus on a step by step approach needs more elaboration and consideration than it has been given so far. The policy challenges of APEC’s cooperation programme will be to develop a variable reform programme within the overall development cooperation context.

It would have been useful if social issues could have been examined more specifically. Three issues spring to mind: an ageing population in the social security context; rising unemployment, as existing human resource development programmes may not be able to cope with the rapidly changing economic and industrial structures caused by the reform measures; and trade unions in the organised sectors, which will feel the direct pressure of any economic restructuring. In APEC these issues, amongst others, will remain dominant in the economically weaker countries, particularly in a liberalised trade context. Not only are these important issues for economically weaker member countries, they will remain so for APEC in its dealings with non-members, particularly in the South Pacific region.

Notwithstanding these minor shortcomings, both Elek and the Foundation for Development Cooperation deserve applause for producing this publication. It is a valuable contribution that will help people understand development cooperation issues generally, in particular within the APEC context.

Binyak Ray, Department of Political and Social Change, Australian National University

The challenge of sustainable cities: Neoliberalism and urban strategies in developing countries


The illusive quest for sustainable cities is one which seems to have plagued human societies from the origins of cities some 6,000 years ago. The core difficulties of this human settlement pattern, while becoming more complex, share the same roots with ancient cities – the overemphasis on the trading and economic role of cities to the neglect of ecological constraints; the tendency to over-extend administrative and social structures to the point of weakening the cultural and human foundations of the city; the neglect of the growth of social inequities until a crisis forms; and the marginalisation of sectors of the community. These basic difficulties seem applicable whether we are talking of ancient Sumeria and Mesopotamia or present day Mexico City or Jakarta. The failure to make cities sustainable often relates not only to a failure to critically assess the processes occurring within them, but also to assess the societal paradigms which affect their form and functions.

The challenge of sustainable cities provides an informed and refreshing critical look at neoliberalism and its effect
on urban development. The contributors are highly qualified commentators with a strong grasp of their topic. They recognise the complexity of the issues, while not shying away from some clear critiques of neoliberalism. They are particularly critical of the neoliberalist approach to structural adjustment, decentralisation, urban productivity, enablement, and poverty alleviation. At the same time, they criticise the disproportionate emphasis on economic efficiency which the neoliberalist approaches to urban development pursue, as opposed to a more balanced integration of economic, social and ecological goals, the latter being compatible with the ideals of sustainable development which concerns integrated and equitable development.

This critique is well developed through a collection of carefully edited papers. By drawing on examples from the 'South', neoliberalism is criticised, *inter alia*, for its:

- pursuit of decentralisation as a means of reducing the costs of governance and infrastructure spending, rather than as a commitment to civil society;
- narrow interpretation of urban productivity as 'more efficient production of export goods and the reduction of public expenditure', instead of concurrently incorporating 'the capacity of cities to contribute to a balanced and sustainable development process' which is equitable;
- predominant promotion of economic enablement through reforms of markets and privatisation, rather than individual or community enablement which involves a redistribution of power and the reform of institutional organisations; and
- record of dealing with increasing poverty in ways which have related more to displacing the problem from the centre to the periphery of cities, rather than dealing with the structural roots of the problem.

Having provided a strong critique of current urban development processes, the authors acknowledge that many challenges exist, by suggesting questions which need to be addressed. However, while it is true that much research needs to be done, more effort could have been put into critically assessing emerging alternative development paradigms and their implications. A book on the challenge of sustainable cities should provide more depth of analysis about sustainable development as an alternative paradigm. The papers fail to clearly articulate and critique the core principles of sustainability in contrast to the core principles of neoliberalism.

This reluctance to explicitly contrast the critique of neoliberalism with sustainability results in the book being tied to core concepts relevant to neoliberalism, but only very tentatively exploring alternative concepts relevant to sustainable cities. The paper by Burgess, Carmona and Kolstee gives a good overview of urban environmental issues, but provides little depth of analysis concerning energy flows and material throughputs (urban metabolism), ecological design, livability, bioregional planning and management, and other concepts fundamental to sustainable urban living and sustainable cities (c.f. Girardet 1996; Hunter and Haughton 1994). Unfortunately none of the subsequent papers really elaborate on these sustainability concepts. The tendency is to return to the neoliberalist critique with its strong emphasis on the relationship between urban issues, infrastructure, enablement, and market mechanisms.

The case studies provide geographical breadth incorporating Asia, Africa and South America, and perhaps inadvertently demonstrate the persistence of the neoliberal policies and philosophy. Much of the material dealing with poverty alleviation exemplifies the emphasis on shifting costs from central to local governments and to communities, and a reluctance to address the need to reform existing vertical and horizontal administrative and governance structures. However, the case studies do provide valuable insights into the interrelationships between settlement patterns, land tenure, poverty, violence, and cultural heterogeneity. In particular, the paper by Abdoumaliqalim Simone on 'Urban development in South Africa' conveys the complex and dynamic nature of urban development, and the necessity to understand and deal with the human dimensions of urban development. The book finishes with a summary of recommendations for sustainable urban development in the future.

Overall, the book is an excellent critique of neoliberal philosophy and how it affects urban development. It is a well edited and critical review of urban development strategies across a diverse range of developing countries. Its weakness is a lack of attention to the concept of sustainability in relation to neoliberalism – the challenge of sustainable cities.

Meg Keen, Human Ecology Program, Geography Department, Australian National University

**References**


**HIV prevention and AIDS care in Africa: A district level approach**

Japheth Ng'weshemi, Ties Boerma, John Bennett and Dick Schapink (eds) 1997, Royal Tropical Institute, Amsterdam, ISBN 9 068 32108 0, 304pp., Dfl. 49

Amongst the current deluge of books on HIV prevention and care, many of which are based on work in sub-Saharan
Africa, this book provides a relatively new, refreshing, and practical angle. It synthesises experiences and lessons learnt in a broad range of HIV prevention and care activities at the district level in Tanzania and other parts of Africa. District health care is an essential vector for HIV prevention and care, as the great majority of health programmes in developing countries are implemented at the district level, and such programmes have the greatest opportunity to reach the rural population. This book offers its readers the opportunity to share field experiences accumulated over many years of practice, to discuss difficulties encountered and solutions tried. Its aim is to stimulate thinking about AIDS programmes in sub-Saharan Africa and to provide ideas for feasible interventions at district level.

Why is a district approach so important? In most African countries, the district is the main operational unit in decentralised health care. Overall, district health care work is based on the primary health care approach, which means working in a multisectoral, multidisciplinary fashion, involving sectors other than health, such as planning, education, and community development.

Districts face numerous problems in setting up a well-balanced HIV prevention and care programme: lack of funds, trained staff and equipment; lack of transport and poor roads; poor access to information; and a load of curative tasks which often supersede tasks in health promotion and prevention. To deal with these constraints, the district health team needs to seek potential partners for AIDS work outside the health department, for example among other ministries (such as Planning and Education) and community organisations. These can bring their own expertise to AIDS work, and can play an essential role in mobilising community members to share the task of coping with the many problems that come with HIV.

The book is divided into six parts, each of which covers a key topic in the development of district AIDS prevention and care. The first part deals with the process of developing a district prevention and care programme, and is headed by useful and stimulating questions such as: what steps can be used to develop a district AIDS programme? Should women be included in the planning group? Are donors the sole source of potential funding?

Part two debates how to define and monitor the epidemic. This includes research-oriented topics, such as improving understanding of the context of HIV by means of both epidemiological and social science methods, and the monitoring and evaluation of programme implementation. There is also an important chapter on gender which analyses and illustrates how gender issues can become part of every district-based HIV intervention.

Part three discusses behavioral interventions at the community level, addressing the development of gender-sensitive information materials, peer education and other methods for youth, and 'social marketing' of condoms. In Part four, the focus is on interventions that are specifically part of the health sector. This involves how to mobilise and train health workers; dealing with STD by syndromic approach; infection control within the medical setting; and affordable HIV testing.

Part five focuses on methods to deal with the consequences of the epidemic: on AIDS within a very constrained health budget; dealing with tuberculosis and with affected and infected children. Part six deals with the central and very challenging subject of how projects can be financed and supported in a sustainable and cost-effective manner. The chapter convincingly argues for an approach linking HIV prevention and care, and integrating HIV programmes with other vertical health programmes in the district, especially those concerning reproductive health. Attention is also paid to the importance of human resource development and maintenance, for example the prevention of burn-out of experienced staff with specialised training.

Overall, this book offers a wide range of insights and experience into various aspects of HIV care which will be of interest to many working in the area, and not only those in Africa.

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Culture and health: Psychological perspectives on problems and practice


Many recent studies in the medical and health sciences have used ethnicity, culture and national origin as 'independent variables' in experimental designs in the context of the newly emerging 'transcultural' paradigm of health. However, there is often no explicit account of how these cultural factors are involved in the perception and experience of disease, although there is usually some implicit suggestion of a linkage between 'genes' and 'health'. Such a simplistic approach, however, rarely addresses issues such as genetic variations with populations of different racial groups based on traditional anthropological distinctions.

In Culture and health, MacLachlan introduces a paradigm for understanding the relationship between culture and health not only in terms of demographics and genetics, but from a pragmatic definition of culture with respect to health, which includes social variation, communication, social values and behaviour from an ecological perspective. An integrative model for understanding culture and health is presented to help understand the interrelationships between competing
and complementary explanations for illness and its social consequences.

MacLachlan does not deny that there are specific relationships between genetic structure and some hereditary disorders, but rather suggests that the natural distribution in human health states cannot be related to genetic variation alone, but to the different conditions of human existence (i.e. culture). It seems obvious to state that health beliefs and attributions made about disease and illness often vary from one cultural group to another. However, the consequences of these differences for the practical provision of health services in the modern world are often overlooked. A functional description of these consequences and their benefits, as well as possible conflicts, is the pragmatic goal of MacLachlan’s work.

For example, the sometimes hegemonic provision of Western medical aid to so-called developing countries might be inappropriate for treating culture-specific syndromes, particularly if it ignores traditional explanations for an individual’s apparent illness. Alternatively, health practitioners in a modern multicultural society concerned with positive outcomes need to be aware that their definition of ‘positive’ might be substantially and semantically different from their patient. Although the definition of ‘positive outcomes’ might differ across cultural groups, there is an additional difficulty of within-group variability which is non-trivial. Stereotypical or ‘average’ profiles of health beliefs within cultures will be subject to dramatic qualitative differences with perhaps only a small incremental change in demographic or social variables, such as conflict between different religious beliefs within a group of the same national origin.

MacLachlan’s work introduces a number of practical techniques for tackling these issues in the provision of primary health care. The Problem Portrait Technique is a method that seeks to locate an individual’s personal circumstances, such as their state of health, within a matrix of social and cultural influences. Data are collected for this technique using a collaborative interview methodology, and is used to map individual beliefs to group norms. Having faith in a particular treatment, in addition, can strongly influence health outcomes, as for example with the ‘placebo effect’. The Faith Grid is a methodology for tracking the interaction between patient and clinician, can be particularly useful for quantifying the health beliefs of both parties when they come from different cultural backgrounds. Where the client is unsure of how to interpret illness, the use of the Critical Incidents technique by the practitioner can assist the client in contextualising their disease on the basis of an exploration of their own beliefs and culture. These three techniques form the basis of viewing culture as a possible treatment (and not just as a variable!), particularly where multiple or possibly conflicting explanations for illness exist.

In keeping with the pluralistic focus of this book, MacLachlan also considers mental health issues, and how social factors, such as possessing a strong sense of community, might benefit physical health, or how lifestyles associated with particular religious or cultural beliefs might be associated with lower mortality from certain diseases. These issues are treated with respect to the effective provision of health services and health promotion strategies for reducing illness in multicultural societies.

Each chapter in the book contains a Guidelines for Professional Practice summary, which is an excellent ready reference for health professionals and researchers in the field. Although this book is relevant and timely as a useful academic text for students, it also incorporates a number of design and layout features which make it an invaluable field reference guide for clinicians working in a multicultural environment. As such, this book is highly recommended for students and practitioners in the health and social sciences.

Paul A. Watters, Department of Computing, Macquarie University

Fiji in transition (vol. 1)
Fiji and the world (vol. 2)


With its proposals modified by a parliamentary joint subcommittee, the Fiji Constitution Review Commission prepared the way for 1997’s Constitution Amendment Act, which came into force in July 1998. Thirty-two of the background papers submitted to the Commission are published here in the hope they may ‘provoke debate and discussion among the people of Fiji’ (vol. 1, p. vii), and may serve as ‘a valuable resource for senior secondary and tertiary students’.

In volume one, Kamikamica’s authoritative ‘Fiji native land: Issues and challenges’ is exceptionally well informed and moderate, providing an essentially contra-Taukei Movement position. Ward’s ‘Land in Fiji’ reminds us that unused Fijian-owned reserve land is rarely agriculturally viable, and that reserves, along with inalienability of native land, ‘are not incompatible with the national need to make land available to people of other ethnic groups, or to Fijians from areas other than that of the land owners, for use under leaseholds with security of occupation’ (p.257). Narube’s ‘Fijian participation in commerce’ recommends that ‘[promoting Fijians in business should be restated to read] Improving the welfare of Fijian people in a sustainable way by helping them to generate an increasing share of the nation’s business
profits and to ensure that the benefits are distributed widely amongst Fijians' (p.241). And Cokanasiga’s ‘The role of education in Fiji’ is informed, often penetrating, and generally non-ideological.

Education in Fiji, it is worth noting, has never yet responded well to being used as a vehicle for mere crude indoctrination.

In ‘The economy of Fiji’, Forsyth notes that longstanding weakness of investment and low productivity leads to two key difficulties: ‘the very slow growth of disposable incomes, which immediately affects living standards; and the slow expansion of employment opportunities, which gives rise to growing unemployment’ (p.181). Poverty is both high level and pretty evenly spread across the communities, which should surely mean that broad based polices without communal orientation are now the way ahead. At any rate, ‘government has, in fact, in many respects positioned the economy well for long-run growth’ (p.184), and nothing of what now needs to be done is necessarily dependent on constitutional reform. On the other hand, as Jalal shows in her thorough and authoritative ‘The status of Fiji women and the constitution’, women were very much disadvantaged by the 1990 Constitution, and some of her points are very appropriately taken up in the new one.

Those vitally important social and political institutions, the Christian churches, have two articles, neither from the Taukei Movement or Fijian Israelite standpoint, although the Movement is stirring electorally again. The Director of the Institute of Fijian Language and Culture, Paul Geraghty, who rather curiously believes Indians are either ‘becoming more Fijianised’ (p.21) or preparing to leave Fiji, opens with an uncommon note of realism, somewhat overstated but at root pretty true: ‘It is common knowledge among photographers who wish to capture “multiracial Fiji” that there are really only two places where this can be done: in the towns (streets, shops, markets, buses etc.) and in some schools – in other words, where people have no choice’ (p.1).

‘Civil society’ at large, as depicted by Subramani in his useful essay on non-governmental organisations and groupings, may at times take on a counterproductive Brahminical air, with ‘intellectuals’ rather loftily said to predominate in the Citizens’ Constitutional Forum; but his conclusion is solid enough: ‘A 1990-style Constitution that is designed to forge an ethnic state will diminish faith in the political system’ (p.42).

Indian society itself, with its vestigial caste and patron–client political structure, for instance, is very little addressed, and depiction of the main minorities seems rather insecure. Both Riles’ ‘Part-Europeans and Fijians’ and even Howard and Rensel’s ‘Rotuma’, tend to be too clear-cut about quite varied families and people to make them entirely recognisable.

 Constitutional technicalities concern the 17 contributors to volume two, with emphasis on promoting power sharing in multi-ethnic societies from Malaysia to Mauritius, South Africa to the Caribbean. Lijphart is much quoted on consociational democracy, approvingly and otherwise. Lebanon has hardly been a striking success. On the other hand Mauritius, for all its minorities’ occasional reservations about the Hindu majority, has succeeded with a majoritarian democracy tempered by electoral provisions promoting intercommunal power sharing. Mauritius, however, has also achieved very high but perhaps precarious employment levels. As Mozaffar concludes in his substantial ‘Comparative lessons from Africa, Western Europe and the Caribbean’, ‘there is no pre-determined blueprint for designing democratic institutions or for democratic success’ (p.81).

A distinguishing mark of these international contributions is pragmatism: ‘if members (and leaders) of different communities are prepared for conciliation and compromise, it will probably be possible to agree on a suitable framework’, concludes Pinto-Duschinsky in his ‘Electoral arrangements and the formation of governments of national unity’ but, ‘if they are set on a collision course, even the cleverest institutional devices will be likely to fail’ (p.97).

It is sobering but may be salutary to recall that Fiji’s independence constitution itself left more opportunity for intercommunal electoral compromise than was ever fully taken from 1970 to 1987. Already, with the new constitution in close prospect, Tomasi Vakatora himself has commented that he sees more signs of disunity than hope for a united future (Fiji Times, 15 May 1998).

Deryck Scarr, Canberra
New books

Australia in Southeast Asia: Regionalisation and democracy

Australia's relationship with Southeast Asia has become more complex because of the 'eurasionisation' of Australia and increased conflict between the two areas. Australia-bashing by Southeast Asian regimes has become common, and Australia's response has been subdued and apologetic. Conflict with Southeast Asia highlights a clash between countries who do not share common values about individuals' political and civil rights. Changes in the role of the Australian state and its response to Asia question the sustainability of Australia's open society.

Who's hungry? And how do we know? Food shortage, poverty and deprivation

Despite significant advances in increasing global food production, the elimination of hunger and malnutrition remain elusive goals. This book seeks to refine popular thinking about the underlying causes of hunger. It argues that there are complex relationships between hunger at different levels of social organisation. The authors distinguish three situations: food shortages at the country level and their political and ecological causes; food poverty, where people go hungry because they lack resources; and food deprivation with its resultant malnutrition in infants, young children, and pregnant and lactating women. This framework calls attention to hunger when food is abundant, but families lack resources to buy it.

Accountable aid: Local participation in major projects
Patricia Feeney 1998, Oxfam, ISBN 0 855 98374 4, 176pp., £5.95

This book evaluates participatory approaches to natural resource management by contrasting the different attitudes and methodologies of three international development institutions, through a study of the social and environmental impact of three major projects: the World Bank and the Rondonia Natural Resource Management Project in Brazil; the European Union and the Natural Forest Management and Conservation Project in Uganda; and the British Government's bilateral aid agency and the Western Ghats Forestry Project in India.

Women's bodies, women's worries: Health and family planning in a Vietnamese rural commune

This is a study of women's lives in a rural commune in Vietnam's Red River delta. It examines the impact of Vietnam's ambitious family planning policy on the health and lives of rural women, and explores the ways in which women themselves manage and negotiate the moral demands and social relations which constitute daily lives.

Environmental movements in Asia

Asia has a long history of environmental degradation and its fair share of natural disasters. This volume paints a general picture of the Asian situation, and it argues two main points, using case studies. First, environmental campaigns in Asia tend to have a local focus; people are usually engaged in a cause for practical rather than idealistic reasons. Second, environmental campaigns cannot be understood in terms of environmental issues alone. Rather, they should be regarded as a form of cultural critique, and often are a form of political resistance in situations where open political action is too risky.

Second water utilities data book, Asia and Pacific region

An update of the first data book (1993), this book analyses 1995 data from 50 water utilities in 31 of the ADB's developing member countries. It includes the results of consumer surveys, a section on private sector participation, articles on the ADB's strategy in the urban water supply sector, and trends in performance from 1991–95.

Evaluation of humanitarian assistance programmes
Alistair Hallam 1998, Overseas Development Institute, ISBN 0 850 03373 X, 125pp., £10

Evaluation is a key tool in efforts to improve accountability and performance in the operation of the international humanitarian aid system. However, humanitarian aid has been subjected to less rigorous monitoring and evaluation procedures than those applied to development aid. This study seeks to improve the consistency and quality of evaluation methodologies, enhance the accountability function of evaluation, contribute to institutionalising the lessons learned, and identify better methods for monitoring performance of humanitarian aid operations.

Re-inventing Africa: Matriarchy, religion and culture
This book calls for a new understanding of Africa. The author challenges Western anthropologists to recognise their own complicity in producing a version of Africa that is often little more than a reflection of their own class-based, patriarchal thought. The author shows how conventional anthropology has consistently imposed European ideas of the ‘natural’ nuclear family, woman as a passive object, and class difference on a continent with a long history of women with power doing things differently. The author argues for an end to anthropology, and calls for a social history of Africa, by Africans.

**Hygiene evaluation procedures: Approaches and methods for assessing water and sanitation related hygiene practices**


This handbook was developed as a practical answer to the limitations of using a single method or instrument for information gathering. It provides guidelines for evaluating water and sanitation-related hygiene practices. Describes methods of gathering, reviewing and interpreting qualitative information by using a variety of sources and methods. Alternatives to questionnaires are proposed, including a variety of methods and tools that can be mixed and matched.

**Who needs credit? Poverty and finance in Bangladesh**


Micro-credit, the loan of small sums to people excluded from normal banking processes, has emerged as the result of disillusionment with the ability of either government agencies or international aid programmes to change the situation of the poor. The Grameen Bank in Bangladesh alone lends to two million people. This book reviews the experience of Bangladesh, in order to highlight questions that may be overlooked in the rush to repeat the success of these ventures in other countries.

**Indonesia’s technological challenge**


This volume reviews recent economic and political developments in Indonesia and addresses the issue of the country’s technological challenge from a variety of perspectives. These include the policy foundations, the analytical issues, case studies, international cooperation and transfers, as well as challenges at the sectoral level and among large and small enterprises.

**Financial integration and development: Liberalization and reform in sub-Saharan Africa**


This book examines the effects of financial liberalisation on development, with a particular focus on sub-Saharan Africa. Looking at the relationship between formal and informal financial institutions, it focuses on structural features that separate formal and informal segments of the financial system. The findings are based on fieldwork conducted in Ghana, Malawi, Nigeria and Tanzania.

**Distributing seeds and tools in emergencies**


This study provides advice to relief workers considering a distribution of seeds and tools to refugees or displaced people. It covers preliminary assessment, project design and implementation, including the choice of seeds and tools to distribute, and methods of distribution. It emphasises the need, at every stage, to consult the people who will use the seeds and tools.

**Development as a process: Concepts and methods for working complexity**


This volume provides alternative ways of thinking about development as a process. Drawing on work in agriculture, forestry and fisheries in Asia and the former Soviet Union, and linking practical experience with contemporary social theory, the authors examine changing information needs faced by development agencies as they move beyond simple technology-led project approaches. In focusing on the unintended outcome, the unmanageable element, the local variability of effects, and the importance of social relationships, the book challenges simplistic managerial models and suggests approaches and methods which acknowledge the unexpected in the development process.

**Natural resource management and institutional change**

Diana Carney and John Farrington 1998, Overseas Development Institute, ISBN 0 415 18604 8, 136 pp., £14.95

This book analyses changes which have taken place in the management of natural resources and the supply of agricultural services over the past decade. It identifies problems and analyses the strengths and weaknesses of different approaches to solving...
these problems. Drawing on research in Latin America, Asia and Africa, it addresses concerns relating to forest, pastoral and water resources, and agricultural services.

**Resource conflict in semi-arid Africa: An essay and annotated bibliography**

Roger Blench, with Thakwray Driver, Anne Haour and Barbara Hendrie 1998, Overseas Development Institute, ISBN 0 850 03343 8, 150pp., £14.95

This is an analysis of resource conflict and an annotated bibliography of source materials. The book concludes that resource conflicts are set to increase following demographic shifts; governments can expect to see a significant rise in community activism, often supported by externally funded NGOs; and the land rights of displaced hunting-gathering populations are likely to become a major issue.

**Sustainable development in Central Asia**


The Central Asian environment is particularly vulnerable to drought and soil erosion, if not carefully managed. Lifestyles have evolved here which are well adapted to natural conditions - nomadic and transhuman pastoralism, agriculture based on irrigation - but they have been put under increasing pressure by industrialisation and intensive agriculture imposed by outsiders. This book puts forward suggestions on how Central Asia can find paths of development which really serve its long term interests.

**Asian development outlook 1998: Population and human resources**


The tenth annual survey of economic progress in developing countries in the Asia-Pacific region examines the issue of population and human resources, and how they will affect prospects for long term rapid growth in Asia. It suggests strategies for investing in human capital in order to foster greater international competitiveness and enhance overall developmental impact. This issue also features an analysis of the recent currency turmoil; and profiles and economic indicators of the ADB's member countries.

**Getting institutions right for women in development**


Gender and development policies have been promoted in development organisations for almost three decades. Although they have helped improve the immediate material condition of women, such policies have involved organisations in reproducing the ideological and material conditions for women's subordination in the family and economy. This book offers a gendered analysis of development organisations in a range of different institutional arenas. It builds a conceptual framework for exploring politics and procedures internal to the institutions which design and implement policy, and then applies this to the analysis of empirical case study material.

**Development aid to Nepal: Issues and options in energy, health, education, democracy and human rights**


An ongoing challenge for Western aid projects in the Third World is that results often do not meet expectations. In 1996, the Norwegian Government commissioned an analysis of development needs and aid achievements in Nepal. Now re-worked and expanded, this is a study of the energy, health and education sectors in Nepal, as well as of democracy and human rights.

**The daughters of development: Women in a changing environment**


This is a feminist critique of the 'Western' concept of development. The author examines the effect 'progress' has had on the lives of Thai sex workers and of indigenous people globally, and contrasts this with a portrait of her own mother. The book applies the framework of a political economy of development which acknowledges the politics of identity and difference.

**Maternities and modernities: Colonial and postcolonial experiences in Asia and the Pacific**


Feminist theories have focused on contemporary, Western, middle class experiences of maternity. This volume brings other mothers, from Asia and the Pacific, into scholarly view, aiming to show that birthing and mothering can be a very different experience for women in other parts of the world. It shows how the experience of motherhood has been influenced by missionaries, colonial policies and Western medicine, and raises questions about the costs and benefits of becoming modern mothers in these societies.

**Water and sanitation in emergencies**

The aim of this guide is to provide relief workers with a range of strategies for dealing with the environmental health problems they are likely to encounter in emergency situations. It sets out guidelines for good practice and promotes an approach to public health engineering which aims to involve and strengthen the people affected by the emergency.

Video for development: A casebook from Vietnam
Su Braden with Than Thi Thien Huang 1998, Oxfam, ISBN 0 855 98370 1, 112pp., £7.95

This book shows how video can be used by poor and powerless people to represent themselves and communicate directly with the authorities who control their lives. In an experiment in Vietnam in 1995, a team of NGO workers were trained in the use of video for participatory community development. The team worked with villagers to make video tapes about issues identified and researched by the local community. The finished videos were shown to the local authorities and, as a result, new funds were allocated. This book gives a detailed account of the workshop.

The reality of aid 1997–98: An independent review of development co-operation

Written by NGOs, this report critiques official aid programmes of member countries of the Development Assistance Committee. US$80,000 million will eradicate absolute poverty. This is less than the amount of money OECD governments promised to spend on aid, but it is more than they actually give. Some countries point to the large amounts of private investment to developing countries as a substitute for government aid. However, this report argues that money from private investment does not reach the people who need it most.

Communicating for development: Human change for survival
Colin Fraser and Sonia Restrepo-Estrada 1998, I. B. Tauris & Co., ISBN 1 860 64238 1, x + 294pp., no price given

Arguing that widespread changes in human attitudes and behaviour are vital to ensure a secure sustainable future, this book focuses on using communication processes for facilitating those changes. Among the activities explored are the successful worldwide mobilisation of all levels of society for child immunisation, the role of communication in facilitating rapid advances in family planning in many countries, and the use of radio and video to enable peasant farmers to be protagonists in their own development. The authors make proposals for how communication strategies, techniques and media resources might be systematically used to help societies adapt, change and develop in the next century.

Puppets with a purpose: Using puppetry for social change

Puppets have a unique ability to entertain, educate and win people’s hearts. This book explores how those abilities can be exploited to communicate messages aimed at social change throughout the world. The book outlines various steps, from studying a particular community and its needs to preparing a script, creating puppets, and staging a live show. The product of a meeting between puppeteers, development specialists and television producers held in Indonesia in 1996, the book features contributions from some of the world’s leading puppeteers.
Newsletters and journals

Thai Development Newsletter
This newsletter is published bi-annually by the Thai Development Support Committee in Bangkok. Each issue covers a development related topic from an NGO perspective, together with a listing of NGOs working in that area and relevant NGO-produced media. Current topics that NGOs are working on include rural development, farmers' debts, contract farming, alternative agriculture, labour migration, landlessness, environmental degradation, eviction of slum dwellers, prostitution, sex tourism, AIDS, child labour, women’s issues and consumerism.

For more information contact:
Thai Development Support Committee
409 3rd Floor, TVS Building
Soi Rohitsuk, Pracharat-bamphen Road
Huay Khwang, Bangkok 10320
Thailand
Tel +66 2 691 0408, 690 2649
Fax +66 2 691 0409
E-mail tdscthai@infonews.co.th

Bulletin of Indonesian Economic Studies
The Bulletin is a refereed journal published three times a year by the Indonesia Project at the Australian National University, with financial assistance from AusAID. Topics covered in the April 1998 issue include recent developments in Indonesia, a survey of unemployment, differences in provincial income, and managing Indonesia’s national parks.

For more information contact:
Bulletin of Indonesian Economic Studies
Indonesia Project
Division of Economics
Research School of Pacific and Asian Studies
Australian National University
Canberra ACT 0200
Australia
Tel +61 2 6249 0303
Fax +61 2 6249 3700
E-mail lia@indonesia-project.anu.edu.au

BWTP Newsletter
The June 1998 issue of the Banking With the Poor Network Newsletter is devoted entirely to a survey of the effects of the Asian financial crisis on microfinance. Specific regions dealt with are Indonesia, the Philippines and South Asia.

For more information contact:
Foundation for Development Cooperation
PO Box 10445 Adelaide Street
Brisbane QLD 4000
Australia
Tel +61 7 3236 4633
Fax +61 7 3236 4696
E-mail fdc@ozemail.com.au

Development in Practice
This is a multi-disciplinary, quarterly, refereed journal, which aims to provide a forum for practitioners, policy makers and academics to exchange information and analysis concerning the social dimensions of development and humanitarian action. Each issue contains an editorial, articles, viewpoints, feedback, practical resource on community development and humanitarian action.

For more information contact:
ALIN/RITA
Casier Postal 3
Dakar-Fann
Senegal
Africa

Gender and Development
This Oxfam journal focuses specifically on gender and development issues internationally, explores the connections between gender and development initiatives, and links theoretical and practical work in this field. Published three times a year, each issue has a thematic focus. Recent themes include men and masculinity, gender and poverty in the

For more information contact:
ALIN/RITA
Casier Postal 3
Dakar-Fann
Senegal
North, and gender and migration. Subscription to the journal includes Links, a newsletter that provides a forum for Oxfam practitioners to exchange news about Oxfam’s overseas programme, institutional experience, and new approaches to gender and development.

For more information on the above two journals contact:
Carfax Publishing Limited
PO Box 352,
Cammeray NSW 2062
Australia
Tel +61 2 9958 5329
Fax +61 2 9958 2376
E-mail sales@carfax.co.uk
Web http://www.carfax.co.uk/

Baobab

Baobab is the journal of the Arid Lands Information Network/Reseau d’Information des Terres Arides (ALIN/RITA), formerly a unit of Oxfam and now an independent NGO in Dakar, Senegal. Published three times a year, the journal represents a practical resource on community development in dry lands. Articles range from the practical to the analytical. All are rooted in the grassroots experience of practitioners, working mainly in Africa.

For more information contact:
ALIN/RITA
Casier Postal 3
Dakar-Fann
Senegal
Africa

Family Planning Manager
Published four times a year by the Family Planning Management Development (FPMD) Project of Management Sciences for Health, this continuing education publication presents discussions of specific management strategies for improving health and family planning services. Each issue focuses on a specific management topic and includes ‘working solutions’ from the field, special tools and techniques for
solving everyday management problems, and case scenarios and analyses designed to be used for staff development and training. Topics include making your clinic building work; reaching clients in under-served areas; using cost recovery and planning tools; and using national and local data to guide reproductive health programmes.

For more information contact:
FPMD Project
Management Sciences for Health
891 Centre Street
Boston, MA 02130
USA
Tel +1 617 524 7766
Fax +1 617 524 1363
E-mail fpmd@msh.org
Web http://www.msh.org

Modern Asian Studies

Published by Cambridge University Press, Modern Asian Studies is aimed at promoting an understanding of contemporary Asia by examining its rich inheritance and recent past. The journal publishes original research articles concerned with all aspects of South Asia, Southeast Asia, China and Japan.

Environment and Development Economics

This journal provides a forum for the results of a growing body of research into the linkages between economic development and environmental change. Aimed at both the research community and policy makers, the journal contains two main sections. Scientific papers are included in the theory and applications section, while environmental policy discussion papers are included in the policy options section. Each issue also publishes non-technical summaries of papers included in both sections.

For more information on the above two journals contact:
Journals Marketing Department
Cambridge University Press
The Edinburgh Building
Cambridge CB2 2RU
UK

Tel : +44 (0) 1223 325 806
Fax +44 (0) 1223 315 052
E-mail journals_marketing@cup.cam.ac.uk

Asia–Pacific Magazine

Designed for business people, policy makers, academics, teachers, students and anyone interested in Asia and the Pacific, this journal covers the region's economies, environments, cultures, politics and history. Past issues have included migrants in Malaysia; Sino-Thai business culture; women in the developing world; the dynamics of crisis in Papua New Guinea; and kidnapping in the Philippines.

For more information contact:
Asia–Pacific Magazine
Research School of Pacific and Asian Studies
Australian National University
Canberra ACT 0200
Australia
Tel +61 2 6249 4160
Fax +61 2 6249 4214
E-mail Asia-Pacific.Mag@coombs.anu.edu.au

WATERfront

This is a publication of UNICEF's Water, Environment and Sanitation Section. It aims to exchange information on water, environment, sanitation and hygiene education. Articles cover such issues as low cost latrine technology options, household hygiene, water points committees for community development, sanitation promotion through community based organisations, the health impact of water supply interventions, and the cost of water and sanitation investment.

For more information contact:
WATERfront
WES Section, UNICEF
Three United Nations Plaza, TA 26A
New York NY 10017
USA
Tel +1 212 824 6000

CDS Swansea International Development News

The Centre for Development Studies at Swansea promotes the study of development policy and planning in Africa, Asia, the Caribbean, Latin America, the Middle East and the Pacific. It has started publishing a newsletter that announces the activities of CDS staff, associates and students, and that outlines its research projects, results, publications and courses.

For more information contact:
Ms Susan West
CDS
University of Wales Swansea
Swansea SA2 8PP
UK
E-mail s.west@swansea.ac.uk
Web http://www.swan.ac.uk

Apace Newsletter

APACE is an independent, non-profit, community based organisation active in the development of low impact, environmentally responsible technology. It publishes a quarterly newsletter that gives news of APACE's activities and projects in the Asia-Pacific region.

For more information contact:
APACE
PO Box 123
Broadway NSW 2007
Australia

Fiji Food and Nutrition Newsletter

This newsletter is a quarterly publication of the National Food and Nutrition Committee. It has sections on food needs, health, sports nutrition, nutritional tips, and research.

For more information contact:
National Food and Nutrition Committee
PO Box 2450
News from Maitree

This newsletter provides information about Maitree, a platform of women's groups and activists in West Bengal. As Maitree has no office or paid staff, its member organisations are responsible for the production of the newsletter, with Sanhita Gender Resource Centre editing and publishing it. The March 1998 issue discusses protests and rally movements, and such issues as women putting an end to alcoholism, a forum on disaster preparedness in North Bengal, a convention on sex workers, a seminar on crimes against women, and trafficking in women and children.

For more information contact:
Sanhita Gender Resource Centre
89B, Raja Basanta Roy Road
Calcutta-700 029
India
Tel +91 33 466 2150
Fax +91 33 473 0687/5619

Our Place

Our Place is produced by the Centre for Appropriate Technology (CAT) and funded by the Aboriginal and Torres Strait Islander Commission. It is for and about people who live and work in remote indigenous communities. It tells stories about how different people use and develop technologies to suit their environment and lifestyles. The theme of the Autumn 1998 issue is housing; the next issue’s theme will be about managing housing and infrastructure.

For more information contact:
CAT
PO Box 8044
Alice Springs NT 0871
Australia
Tel 1800 817 707
Fax +61 8 8951 4333
E-mail catntrc@ozemail.com.au
Monographs and reports

Human development report 1998

United Nations Development Programme 1998

This year's Human development report, commissioned by the United Nations Development Programme, takes an unflinching look at the global consumption boom and shows how the availability of goods and services in the past two to three decades has resulted in both historic gains and glaring omissions in human development. The report offers explanations of what individuals, communities and governments can do to share the benefits of the consumption boom more equitably, soften the impact on our global environment, protect workers from exploitation and safeguard consumers' health.

Copies of the report may be ordered from:
Oxford University Press
2001 Evans Road
Cary, NC 27513
USA
Tel 800 451 7556
http://www.oup-usa.org

1997 Philippine human development report


This aim of this report is to ensure that sustainable development - poor, pro-nature and pro-women - takes place at the lowest levels of society. It extends the work of the 1994 report, and includes estimates of the Human Development Index (HDI) at the provincial level, using data from 1990–94. The effects on the Filipina of discrimination, hazards faced in the home and workplace, spending patterns, the value of unpaid labour, and the contribution to the economy are also examined.

Social watch 1998

Social Watch 1998, No. 2

By the year 2000, how many nations will have achieved the social development and gender equality objectives defined by the international community? The main conclusion of the Social Watch 1998 report is that ten have already attained the goals; 40 will have done so before 2000 concludes; another 40 should follow suit if they maintain the rate of progress recorded since 1990; ten are in a substantially worse situation than at the beginning of the decade; and in another 30 progress is either negligible or too slow. This report, which is based on inputs from coalitions and independent citizen organisations in 50 nations, is produced by Social Watch, an NGO watchdog system that monitors the performance of governments in meeting targets of social progress to which they themselves have made pledges. The report also includes a comparative progress analysis that measures the few official statistics that are available.

For more information contact:
Social Watch
Casilla Correo 1539
Montevideo 11000
Uruguay
Tel +598 2 409 6192
Fax +598 2 401 9222
E-mail socwatch@chasque.apc.org

Vietnam's population and family planning investment and savings (1979–2010)


The population programme implementation in Vietnam over the past years has achieved important results. The annual birth rate has dropped significantly, and contraceptive prevalence is increasing. The effectiveness of the population and family planning programme has thus been confirmed in terms of the economic aspect.

For more information on the above two publications contact:
Centre for Population Studies and Information
National Committee for Population and Family Planning
12 Ngo Tat To Street
Hanoi
Vietnam

Economic and social survey of Asia and the Pacific 1997: Asia and the Pacific into the twenty-first century – development challenges and opportunities


This annual survey is an important medium for disseminating information on development performance and policies. It presents a detailed analytical perspective of population issues and the policy directions to be pursued at various levels in the light of the emerging opportunities and challenges for the ESCAP region in the 21st century.
Australia and ASEAN: Managing change


The terms of reference of this report were to review the development of ASEAN as a regional association in the post-Cold War environment and Australia’s relationship with it, with particular reference to social, legal, cultural, sporting, economic, political and security issues; the implications of ASEAN’s expanded membership; ASEAN’s attitudes to ARF linkages with other regional groupings; development cooperation; and future prospects.

General report of China’s changing population and its development


Summarises the importance, diversification, complexity and particularity of China’s population problems. It focuses on population quantity, quality and migration. It also deals with the three sub-population groups: female population, ethnic minority population and population in poverty.

For more information contact:
United Nations Population Fund
2 Dongqijie Sanlitun
Beijing 100600
People’s Republic of China

Interviewer’s manual: For use with model ’A’ questionnaire for high contraceptive prevalence countries


Serves as a manual to train interviewers for the Demographic and Health surveys. It contains information on how to fill in questionnaires, how to conduct interviews and how to check for completeness and accuracy.

For more information contact:
Demographic and Health Surveys
Macro International Inc.
11785 Beltsville Drive, Suite 300
Calverton, MD 20705
USA
Environmental assessment for development projects, 12 October–6 November 1998

This four week course for resource planners and project professionals will develop effective skills in environmental assessment for use in project planning and management. It examines project screening, identification and scoping of impacts, and environmental appraisal in project design, monitoring and evaluation. Topics covered by specialist academics include EIA procedures, environmental economics/valuation, methods in social impact assessment and the role of the community in environmental management. The course aims at providing technical and management skills for environmental assessment at all stages in the project cycle; in particular, to develop participants’ understanding and skills in environmental evaluation and impact assessment, social assessment of resource development projects, environmental accounting (including cost benefit analysis), participatory resource planning and management and resource assessment procedures. The course also includes an introduction to the worldwide web sites relevant to the course.

Integrated forestry planning—Community needs and sustainable management, 9 November–18 December 1998

This six week course is designed for middle to senior level planners, foresters and other managers working in government or commercial forestry, and for rural development workers or NGO representatives involved in community forestry or land rehabilitation programmes. The first part of the course develops skills needed for identification, design, appraisal, monitoring and evaluation of forestry projects, as well as the skills needed to engender community participation and to use computers for resource planning and financial control. The second part of the course is built around practical field training in sub tropical Queensland where participants examine modern approaches to sustainable environmental management, including those related to ecotourism. Participants also select one of two alternative field tours of forestry projects whose climatic conditions and land use problems mirror those of their own region.

For more information on both courses contact:
Jennifer Clement, Training Coordinator
ANUTECH Development International
GPO Box 4
Canberra ACT 2601
Australia
Tel +61 (0)2 6249 5861
Fax +61 (0)2 6249 5875
E-mail jenny.clement@aplemail.anu.edu.au
Social development planning and management

This programme is designed to give participants a broad understanding of the meaning and practice of social development. It examines a range of strategies used to promote social development within the context of development programmes and projects. It also examines current trends in thinking on social development and its practice, both at macro and micro levels. Emphasis is put on the importance of social and political analysis in development work. Key themes include participation, self-reliance, power and the social implications of adjustment programmes. The programme examines the critical issue of the monitoring and evaluation of social development programmes and gives participants an opportunity to examine social development practice in a case study.

Development policy and planning

The general aim of the course is to enable participants to strengthen their critical understanding of latest approaches to development policy and practice. Ways in which lessons may be drawn from programmes and projects in the South are emphasised. The needs of disadvantaged groups, and ways of increasing their access to resources and quality of life, are given special attention. The course focuses specifically on sectoral and sub-sectoral concerns and the activities of planners and managers at these sub-macro levels. However it is also emphasised that understanding of national and international contexts is vital.

Health planning and development

The programme is designed to introduce the practical skills and techniques related to health planning and management and to study the effects of political, economic and social development upon health systems and health status, especially in less developed countries. The main emphases are on the connections between the process of development and health status; the application of key disciplines such as health economics, epidemiology, anthropology, and demography to planning, both at the national, regional and other levels; and an introduction to the practical aspects of managing health provision, particularly through district health services and NGOs.

All three courses may be completed at either a MSc level (one year) or Diploma level (nine months).

For more information on the above three courses contact:
Admissions Secretary
Centre for Development Studies
University of Wales Swansea
Singleton Park
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Style

Quotation marks should be single; double within single.
Spelling: English (OED with '-ise' endings).

Notes

(a) Simple references without accompanying comments to be inserted in brackets at appropriate place in text, e.g. (Yung 1989).
(b) References with comments should be kept to a minimum and appear as endnotes, indicated consecutively through the article by numerals in superscript.

Reference list

If references are used, a reference list should appear at the end of the text. It should contain all the works referred to, listed alphabetically by author’s surname (or name of sponsoring body where there is no identifiable author). Authors should make sure that there is a strict correspondence between the names and years in the text and those on the reference list. Book titles and names of journals should be italicised or underlined; titles of articles should be in single inverted commas. Style should follow: author’s surname, forename and/or initials, date, title of publication, publisher and place of publication. Journal references should include volume, number (in brackets), date and page numbers. Examples:


Publication/resource listings

An important function of the Network is to keep members up-to-date with the latest literature and other resources dealing with development-related topics. To make it as easy as possible for readers to obtain the publications listed, please include price information (including postage) and the source from which materials can be obtained.
Australian Development Studies Network
Australian National University, Canberra ACT 0200
Phone: 02 6249 2466 Facsimile: 02 6257 2886
E-mail: devnetwork@ncds.anu.edu.au
Website: http://devnet.anu.edu.au