

In the Name of God, the Most Merciful, the Most Kind



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Human Society Requires Balance

Though human beings claim to have evolved and developed to a great extent, they have not been able to provide some of the very basic requirements to their own selves. There are millions of people around the world who do not possess the rudimentary requirements to live alive. This fact has made them suffer to a large extent. As, they are not able to find their basic requirements, they are not capable of thinking beyond them. Most of their lives are spent in struggle to fulfill those requirements, and stay away from the different sorts of achievements, which can only be a luxury for them.

The basic requirements of the human beings are their basic rights and the states wherein the people live must guarantee affordable supply of these needs. Having acquired their basic needs, human beings can move towards their self actualization and personality development. In the process, they can prove to be positive members of the society as well. But human beings have badly failed to eliminate poverty and provide for the rudimentary requirements even in the presence of unlimited resources.

Why have they failed in doing so? Though human beings consider themselves the best of all the creatures and believe that they possess wisdom, they have not been able to fight against their evident destruction. They claim to have developed complex societies that are run by well established systems of society, economy and politics, yet they remain impoverished. What can be the actual reason for this failure?

There are few who believe that human beings are so because of their nature. They are of the view that human beings follow the basic biological law - struggle for survival and survival of the fittest, and therefore only those, among them can achieve their basic requirements that are the fittest; while the other remain deprived. Nevertheless, they fail to realize an important aspect of the theory that may apply to the struggle among the different species for the survival not among the members of the same specie for their individual survival and grandeur. Such a struggle would ultimately result in the destruction of the social life as a whole as every individual would be following his selfish desires not the welfare of the society.

The ones who opt for social wellbeing and collectively and strive for the same have the maximum chances of survival and success. No human being on the face of the earth can survive alone. He would always need others to live with; therefore, he does not have any other option but to live and cooperate with others and strive for their wellbeing as well.

Unfortunately, human beings are not so. Human beings are divided into 'haves' and 'have-nots'. They are divided in the rich and the poor. The rich have all the requirements of life and they enjoy all the luxuries as well while the poor suffer because of the lack of basic requirements. This is not nature that has decided such an arrangement; it is human beings themselves. The nature does not differentiate the human beings into rich and poor. The scented breeze in the nature blows for everyone without the distinction of race, community, poor and rich. The river that flows in nature provides everyone with same bewitching scene and cold water to drink. The fountains do not recognize the strata and the economic status. And even the natural calamities; like earthquakes, floods and deadly hurricanes destroys everyone equally. However, some may have developed better defense against all these calamities by the dint of their wealth, which is because of the economic system in society developed by human beings themselves, not the nature.

It is the socio-economic and political systems in the country that divide the human beings in different classes. These classes are distinguished with vivid and sharp boundaries. The differences found in these classes are gigantic and one wonders how human beings are really satisfied with so much distinctions. The examples are not difficult to find. There are millions of poor people in the world. They have not enough food to eat, no water to drink and no cloth to wear. The economic system developed by human beings, with the intentions to fulfill their requirements, has in fact cheated them and they are at a stage of misery. The class-based system and the vivid class disparities have neutralized the capacity of human beings to fulfill their basic requirements from the infinite resources.

This has generated an imbalanced system. This imbalance has further created different sorts of evils in society. There are crimes and injustices because of the same system. Poor, because of negligence and lack of basic requirements are bound to break the law and the rich, because of their authority to mock the law and order system, break it. Poor, to quench the thirst of their children and fill their stomach with few morsels of food, break the law; while the rich, to quench their thirst for luxury and adventure, break it. This system cannot guarantee sustainability and therefore, human beings must strive to change it for better.



Kabul Hosts Fourth Meeting of QCG

By Hujjatullah Zia

The surge in militancy and terrorist attacks have led to great casualties and created a sense of fear and disappointment in the air. Violence and bloodshed continue unabated, mainly with the emergence of the self-styled Islamic State of Iraq and the Levant (ISIL) and with the splinter groups. Reportedly, fighting and attacks in populated areas and major cities were described as the main causes of civilian deaths in 2015, underscoring a push by Taliban militants into urban centers "with a high likelihood of causing civilian harm". Including Taliban-claimed attacks, the United Nations Assistance Mission in Afghanistan assigned responsibility for 62 per cent of total civilian casualties in 2015 to anti-government elements. While ground engagements were the largest cause of civilian casualties, improvised explosive devices came second, a report said, adding that the use of such weaponry was in violation of international law and could constitute war crimes. Taliban fighters have made heavy inroads in recent months in spite of the peace talk discourse. The resumption of peace talk has reverberated for a long time and it is said that Kabul will host the four-nation meeting regarding peace negotiation today 23 February. Officials from Afghanistan, Pakistan, the United States and China will review progress in efforts for bringing the Afghan insurgents to the negotiating table.

In the last meeting of the Quadrilateral Coordination Group (QCG), which was held in Islamabad on February 6, the participants urged for direct negotiations between Kabul and Taliban elements by the end of this month. Issuing a joint statement, the four-nation group said that a roadmap to peace had been agreed upon and emphasized on ceasefire and an end in violence and bloodshed. Since, the four-nation group seeks resuming peace talk, the Taliban outfits have to declare truce and avoid spilling the blood of innocent civilians. Afghan officials have been struggling to reach an amicable agreement with the Taliban, however, it was proved abortive and they showed no clear stance in this regard. As a result, a number of Taliban prisoners were released during the Hamid Karzai's administration as a peace offering, but it did not give the desired result either.

However, a member of Afghan High Peace Council (HPC) said, few days earlier, that the Taliban had shown willingness to participate in direct talks with the Afghan government. "After the efforts made by the HPC to bring the Taliban to the table of negotiations and also contact with the group members, they have shown willingness to talk peace with the Afghan government. The HPC is optimistic over the quadrilateral meetings on the peace talks and we hope that the sessions set the schedule for face-to-face talks between the Afghan government and the Taliban" he is cited as saying.

Similarly, political pundits believe that China and U.S. can play a significant role in the resumption of peace talk. Therefore, Kabul should get the two countries to urge Pakistan in order to sincerely support the peace process in Afghanistan.

During a meeting with Chinese ambassador in Kabul, Afghan President Muhammad Ashraf Ghani said that China was playing a vital role regarding security situation in Afghanistan. The Chinese envoy extended his country's president best wishes to Ghani and to Afghan people at their meeting. He further said that China's leadership concept about Afghanistan had taken a positive turn after Chinese Vice President Li Yuanchao's visit to Kabul in November. Talking at a gathering held in an Afghan air force base in Kabul, President Ghani said, "The message of the peace is clear, we want peace, but we want peace with dignity, we want peace talks that must stand on the basis of our constitution and that we want peace that must guarantee the rights of our people." The first ever direct talks between the representatives of the Afghan government and the Taliban were held in Pakistan in late June, but it was stalled following the confirmation of Mullah Omar's death. "All Afghans want the peace to return to their country but members of opponents who decline to take part in political negotiations would only marginalize themselves, and they will only serve the enemies of the country," Ghani said.

On the other hand, Russia has called the peace talk "useless" and denied to participate in the talk. "We are not going to participate in these useless attempts and have already told the US about it. We do not see any practical sense in it. Russia does not want to be just a statistician, while Washington pursues its pre-elections targets," the representative of the Russian Ministry of Foreign Affairs is quoted as saying. But the diplomat also said that Russia is ready to promote its own peace plan, whose main goal is primarily to create a roadmap for restarting peace negotiations between the Taliban and the Afghan National Government (NUG).

In the fourth round meeting in Kabul, it is believed that the four-nation group will further urge the Taliban insurgents to cease violence and bloodshed and hold a face-to-face talk with the Afghan government. But they are supposed to wait for the Taliban's statements in this regard and whether they resume negotiation at the end of this month. Perhaps, it would be Pakistan's turn to nudge Mullah Akhtar Mansour's party to sit around the negotiating table. Since militancy continues without cessation, Taliban do not show enough tendencies and the fruition of peace talk is under doubt.

Hujjatullah Zia is the permanent writer of the Daily Outlook Afghanistan. He can be reached at zia_hujjat@yahoo.com

Closing Developing Countries' Capital Drain

By Joseph E. Stiglitz and Hamid

Developing countries are bracing for a major slowdown this year. According to the UN report World Economic Situation and Prospects 2016, their growth will average only 3.8% this year - the lowest rate since the global financial crisis in 2009 and matched in this century only by the recessionary year of 2001. And what is important to bear in mind is that the slowdown in China and the deep recessions in the Russian Federation and Brazil only explain part of the broad falloff in growth.

True, falling demand for natural resources in China (which accounts for nearly half of global demand for base metals) has had a lot to do with the sharp declines in these prices, which have hit many developing and emerging economies in Latin America and Africa hard. Indeed, the UN report lists 29 economies that are likely to be badly affected by China's slowdown. And the collapse of oil prices by more than 60% since July 2014 has undermined the growth prospects of oil exporters.

The real worry, however, is not just falling commodity prices, but also massive capital outflows. During 2009-2014, developing countries collectively received a net capital inflow of \$2.2 trillion, partly owing to quantitative easing in advanced economies, which pushed interest rates there to near zero.

The search for higher yields drove investors and speculators to developing countries, where the inflows increased leverage, propped up equity prices, and in some cases supported a commodity price boom. Market capitalization in the Mumbai, Johannesburg, São Paulo, and Shanghai stock exchanges, for example, nearly tripled in the years following the financial crisis. Equity markets in other developing countries also witnessed similar dramatic increases during this period. But the capital flows are now reversing, turning negative for the first time since 2006, with net outflows from developing countries in 2015 exceeding \$600 billion - more than one-quarter of the inflows they received during the previous six years. The largest outflows have been through banking channels, with international banks reducing their gross credit exposures to developing countries by more than \$800 billion in 2015. Capital outflows of this magnitude are likely to have myriad effects: drying up liquidity, increasing the costs of borrowing and debt service, weakening currencies, depleting reserves, and leading to decreases in equity and other asset prices. There will be large knock-on effects on the real economy, including severe damage to developing countries' growth prospects. This is not the first time that developing countries have faced the challenges of managing pro-cyclical hot capital, but the magnitudes this time are overwhelming. During the Asian financial crisis, net outflows from the East Asian economies were only \$12 billion in 1997. Of course, the East Asian economies today are better able to withstand such massive outflows, given their accumulation of international reserves since the financial crisis in 1997. Indeed, the global stock of reserves has more than tripled since the Asian financial crisis. China, for example, used nearly \$500 billion of its reserves in 2015 to fight capital outflows and prevent the renminbi's sharp depreciation; but it still has more than \$3 trillion in reserves.

The stockpile of reserves may partly explain why huge outflows have not triggered a full-blown financial crisis in developing countries. But not all countries are so fortunate to have a large arsenal.

Once again, advocates of free mobility for destabilizing short-term capital flows are being proven wrong. Many emerging markets recognized the dangers and tried to reduce capital inflows. South Korea, for example, has been using a series of macro-prudential measures since 2010, aimed at moderating pro-cyclical cross-border banking-sector liabilities. The measures taken were only partially successful, as the data above show. The question is, what should they do now? Corporate sectors in developing countries, having increased their leverage with capital inflows during the post-2008 period, are particularly vulnerable. Capital outflows will adversely affect their equity prices, push up their debt-to-equity ratios, and increase the likelihood of defaults. The problem is especially severe in commodity-exporting developing economies, where firms borrowed extensively, expecting high commodity prices to persist.

Many developing-country governments failed to learn the lesson of earlier crises, which should have prompted regulations and taxes restricting and discouraging foreign-currency exposures. Now governments need to take quick action to avoid becoming liable for these exposures. Expedited debtor-friendly bankruptcy procedures could ensure quick restructuring and provide a framework for renegotiating debts. Developing-country governments should also encourage the conversion of such debts to GDP-linked or other types of indexed bonds. Those with high levels of foreign debt but with reserves should also consider buying back their sovereign debt in the international capital market, taking advantage of falling bond prices. While reserves may provide some cushion for minimizing the adverse effects of capital outflows, in most cases they will not be sufficient. Developing countries should resist the temptation of raising interest rates to stem capital outflows. Historically, interest-rate hikes have had little effect. In fact, because they hurt economic growth, further reducing countries' ability to service external debts, higher interest rates can be counterproductive. Macro-prudential measures can discourage or delay capital outflows, but such measures, too, may be insufficient.

In some cases, it may be necessary to introduce selective, targeted, and time-bound capital controls to stem outflows, especially outflows through banking channels. This would entail, for example, restricting capital transfers between parent banks in developed countries and their subsidiaries or branches in developing countries. Following the successful Malaysian example in 1997, developing countries could also temporarily suspend all capital withdrawals to stabilize capital flows and exchange rates. This is perhaps the only recourse for many developing countries to avoid a catastrophic financial crisis. It is important that they act soon. (Courtesy Project Syndicate)

The views expressed here do not represent the views of the United Nations or its member states.

Joseph E. Stiglitz, a Nobel laureate in Economics, is University Professor at Columbia University and Chief Economist of the Roosevelt Institute. Hamid Rashid is Chief of Global Economic Monitoring at the United Nations Department of Economic and Social Affairs.

Chairman / Editor-in-Chief: Dr. Hussain Yasa

Vice-Chairman: Kazim Ali Gulzari

Email: outlookafghanistan@gmail.com

Phone: 0093 (799) 005019/777-005019

www.outlookafghanistan.net



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