

## Financing of terrorist outfits

### Need for focused monitoring

WITH the arrest of five out of the seven members of the Majlish-e-Shura, top leadership command of JMB, the terrorist organisation is certainly left beleaguered, but to think that it's completely defanged or demobilised would be a mistake.

Not only are Salahuddin and Khaled Saifullah at large, the networks of lesser lights and the following, even though thrown off-gear by a large number of arrests, exist in some form or the other. The fundamental dynamics couldn't have changed overnight; so they may try to regroup with a so-called Dawati Kaj ('answering to call of duty') commitment or passion that some of the interrogated detainees confessed to having as though intoxicated recruits on a mission. They might spring bombing surprises occasionally to pronounce their presence.

All this is rather possible because there are, it is widely suspected, huge quantities of illegal arms and ammunition, including grenades and bomb-making materials probably tucked away into hideouts. At least the big arms hauls from time to time have pointed to the magnitude of weapons trafficking into the country.

Set against this backdrop, what we find central to combating terrorist threats is the ability to seal the routes of financing of the extremist outfits in the country. Needless to say, without wherewithal, no extremist organisation, even with an ideological pretence, can survive, far less operate.

It must, therefore, be deemed appropriate and timely, as we note from a Financial Express report, that the Bangladesh Bank has launched a special drive to detect and act against suspicious transactions 'having links with 'terrorist outfits'. Three probe teams have been assigned by the central bank's Anti-Money Laundering Department to investigate allegations of 'suspicious transactions' against three branches of commercial banks -- one in Dhaka city, the other at Brahmanbaria and still another in Sylhet. They are tasked to report back to the central bank with their findings which are likely to shed light on a somewhat least traversed area.

Illegal money or its transfer has a way of surfacing through intrusions into bank deposits or transactions, because there is a limit to keeping what is called 'mattress money' in secretive individual, even group, closets. 'Hundi', of course, is an unofficial channel of money transfer, but then at some point, such money will be reflected on the bank accounts. Now, the NGO money is invariably channelled through banks, so that their transactions must be transparent reading like an open book.

The issue here is the banks of their own volition should be on constant lookout for sudden big deposits by and transactions between clients they are not familiar with. If, in the past, any bank had hesitated in submitting suspicious transaction reports (STRS) to the central bank for fear that it might affect relations with clients, it should now dispense with the thought and go by the rule in view of the common concern over money going into dreadfully wrong hands.

## Load-shedding woes crossing limits

### Tokenism can't do anymore

MANY parts of the city plunged into darkness day before yesterday as the Dhanmandi Ulan power grid line went out of order adding to the misery of city dwellers. The Chairman of DESA says it may take two months to put the failed grids back into full operation, although some attempts in the meantime are being made to provide relief through alternative means. The long time suspected to be entailed in the repair work is because spare parts would have to be imported from abroad.

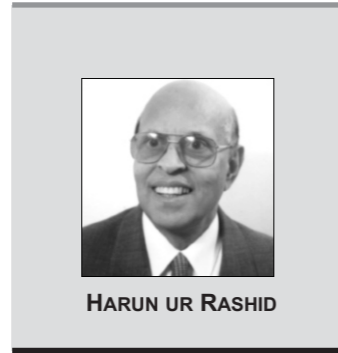
Needless to say, the countrywide power outage is having disastrous effects on the lives of people, both in long and short terms. The media has already dealt with the various ramifications, ill-effects and consequences of the ongoing power outage. However, one particular aspect we would like to highlight is its serious consequences for the students scheduled to sit for their HSC examinations in about a week's time. This power outage unlike in other sectors will not only affect the exam results of individual students in immediate terms but will also cast a shadow on their future careers, the burden of which they will have to carry for the rest of their lives.

It is a disquieting scenario for a developing society striving to reach higher productivity goals. Deeply concerned over the deteriorating power supplies as we are, we strongly believe that much of this crisis could have been avoided but for the lack of planning and proactive monitoring of the supply grids/power units by concerned agencies and the overall mismanagement of the sector by the administration.

Surely, in the last four years most of the repair works of the major power grids could have been undertaken and by now completed. It is also our observation that much of the repair and maintenance work could have been carried out with our own resources.

# Boosting export competitiveness

## Role of Bangladesh missions abroad



HARUN UR RASHID

OFTEN a question is asked about the role of Bangladesh Missions abroad in boosting export competitiveness. The answer is not as simple as it may appear to be because it involves questions, such as, what factors constrain economic progress of Bangladesh? What will it take for Bangladesh to achieve export competitiveness?

Despite its commendable average export growth of about 15 per cent per year, Bangladesh exports have a narrow base and remain focused on ready-made garments and a few other items. Furthermore 90 per cent of ready-made garments and knitwear go to Europe and the US. Clearly more needs to be done to expand and diversify the export base. And here comes the competitiveness of products.

Since 1991, Bangladesh has been opening its economy under pressure of economic globalization. This implies that Bangladesh is gradually integrating with the world economy. The challenge Bangladesh faces is how to boost competitiveness for its export of goods overseas in comparison with goods of other countries.

There are many factors which determine competitiveness of Bangladeshi products and some of them deserve mention:

First, competitiveness is linked with productivity of labour. If productivity is low, it will not be able to attain competitiveness. For example, if in Bangladesh only three shirts are made per hour in a garment factory, how can

it compete with seven shirts made per hour in China? Low production means absence of skilled labour. Unless Bangladesh has a higher yield for the products, it will not be able to compete in the overseas market. This necessitates that Bangladesh has to concentrate on a number of items of their comparative advantage.

Second, wage given to the labour is to be taken into account. If the labour gets high wages compared to that of another country, the price will be high for goods and will thus lose competitiveness.

ships in ports is significant to keep the time schedule for delivery of products. Once the delivery schedule is not kept, one would be reluctant to import Bangladeshi goods.

Left to market forces, Bangladesh needs to initiate a process of structural diversification in the production as well as export structures in order to improve its competitiveness in order to make inroads into overseas market.

The role of Bangladesh missions abroad is crucial in advancing competitiveness of products in the follow-

ing of WTO in Hong Kong has demonstrated that Bangladesh did not receive what it wanted so far export of ready made garments are concerned. There were many factors involved for such failure but the most important one appeared to be the complacency that Bangladesh would get concessions as a Least Developed Country.

Another aspect of economic diplomacy is the encouragement and motivation of non-resident Bangladeshis (NRB) abroad to invest either alone or jointly with foreign

partners in Bangladesh. However for the diplomatic missions abroad, often it becomes hard to sell to most NRBS to promote an investing in Bangladesh for the reasons which are responsible for slow growth in domestic private investment in the country. Good governance, a strong judiciary, and congenial law and order are requisites for sound investment climate in the country and perception of the absence of these seems to make NRBS shying away from investment.

A distinctive feature of economic diplomacy is the involvement of private sector in decision-making process. The inputs of private sector are important in determining the policies of economic diplomacy.

Often there is a clash between politics and economics. The government decides political environment while private sector deals with economic interests. In such instances, political considerations override economic interests. For example, Bangladesh private sector may wish

to develop trade with Israel, but on political considerations they cannot engage in bilateral trade.

A tension erupts between regulated domestic and open international trade regime. International trade regime opens up market for foreign goods while private sector opposes liberal trade regime because they think their products will suffer because of competition. Eventually private sector realizes that it is a better option for open trade regime so that they can be competitive in an environment of trade liberalization.

There needs to be a harmonious relationship between government and private sector for achieving competitiveness in exporting goods abroad through economic diplomacy.

There have been policy reforms in the past in areas which are relatively easy to undertake but reforms which involve institutional and structural change have yet to be made. The fundamental impediment in economic progress is poor governance. Furthermore access to reliable power, ports, telecommunication, transport and skilled manpower has been a constraint for private sector in boosting competitiveness.

The boosting of export competitiveness has a multi-faceted dimension. Unless infrastructure and structural reforms are undertaken by the government to facilitate competitiveness, the task for the missions abroad will be limited. The role of Bangladesh missions abroad is only a part of the whole.

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

## BOTTOM LINE

There have been policy reforms in the past in areas which are relatively easy to undertake but reforms which involve institutional and structural change have yet to be made. The fundamental impediment in economic progress is poor governance. Furthermore access to reliable power, ports, telecommunication, transport and skilled manpower has been a constraint for private sector in boosting competitiveness

Third, the quality and design of goods is another element that has to be taken care of as ill-designed and low quality products have poor market overseas. Domestic taxes and subsidies in Bangladesh also determine the competitiveness of goods.

Fourth, there exists a bureaucratic process through which export of goods is sent overseas. Often there needs to be clearances from many government agencies in the country. It is said that at least 20 signatures are required in Bangladesh to export goods, while in Singapore only 2 are necessary. Furthermore, corruption almost at every level in bureaucracy gives rise to price of a product. It is learnt that almost one US dollar is spent for export of each shirt/garment abroad.

Finally, energy and adequate port facilities are to be available to private sector so that industry does not get bogged down with 'load-shedding' and port bottlenecks do not arise for export of goods. The turn over of

ing manner:

(a) Collecting information about the trade barriers and productivity differences, domestic taxes and subsidies, relative wage and profit margin of products of other countries.

(b) Pursuit of robust economic diplomacy.

With regard to (a), interaction between private sector and missions overseas is imperative. At present such cooperation is almost nil. Bureaucratic reforms are necessary so that missions abroad may interact with private sector. It is the private sector which needs detailed information of the regime under which products are manufactured in other countries.

With regard to (b), economic globalization has increasingly made economic diplomacy a significant factor in advancing countries' interests and it is difficult to draw a clear cut distinction between what is domestic and what is global.

Economic diplomacy may operate

barriers are dismantled simultaneously. The devils of FTA are in the details which need to be skillfully negotiated.

On a regional level, South Asian Free Trade Agreement (SAFTA) is an example within the framework of Saarc. The details of the Safta will need to be thrashed out. Each country reduces ever year the tariff and within a period of seven years (for India, Pakistan and Sri Lanka) it would come to 5 per cent and for Least Developed Countries ten years (Bangladesh, Bhutan, Maldives, and Nepal) Each country would submit a negative list that may contain hundreds of products which are excluded from tariff concessions.

On the global level, trade negotiations take place within the World Trade Organisation (WTO). The WTO negotiations are complex having myriad of WTO rules and regulations. Unless one develops expertise, it will be difficult to negotiate and advance country's interests.

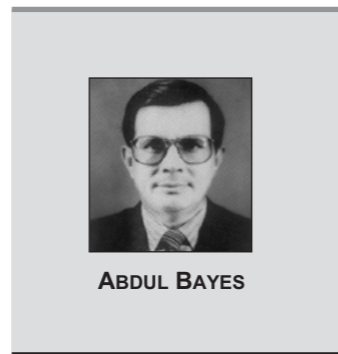
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**Promotion and punishment**  
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# Taking tips from Tokyo



ABDUL BAYES

THE Graduate Institute for Policy Studies (GRIPS) is the institution in Tokyo that one should take note of while taking a travel for academic advancement. I shall come back later to the reasons behind my interest about the institute, but first, allow me to provide a brief background.

### Innovative institution

GRIPS started its journey in 1997 as a government-sponsored graduate school and research institute. Its degree programs are designed to attract outstanding students and prepare them for distinguished careers in the policy world. More than half of the students, reportedly, hail from nearly fifty countries, mainly in Asia, Africa, and Eastern Europe, and under the umbrella of different scholarship. The rest, possibly, from Japan. The people working for governments, central banks, customs and other branches in developing countries are usually invited to the institute for useful insights in development-related issues. The courses are pointed to the people who would be engaged in policy making of the country -- present or future.

In GRIPS, there is also Foundation for Advanced Studies on International Development (FASID) to help Japan's economic cooperation have a greater impact on the developing world, as well as to implement its foreign aid programs more effectively. One of the key components of FASID is to support the training for development of professionals in developing countries and cooperation for research conducted abroad. In addition to the Masters program, there is a Ph.D program for outstanding students jointly offered by FASID and GRIPS. In a broader

horizon, the program is called Graduate Program in International Development Studies by FASID/GRIPS in collaboration with JICA and Ministry of Foreign Affairs in Japan.

The GRIPS has about 70 full-time faculty members drawn from a variety of background including public officials and executives in private companies. This has been done with a view to complementing academic courses by professional expertise and experiences. By and large, the aim is the cross-fertilization

developed innovative ideas and systems which are healthy in terms of generating, inter alia, human capital. The courses offered should meet the curiosities that students have to live with from day to day experiences. The courses must conform to the questions that arise in the minds of the students of and on. I met a few Bangladeshis in GRIPS who are studying here and I had the opportunity of attending some of their classes too. These fellows tend to feel a fantastic development in their perceptions about development eco-

reject. But an overshooting could turn out to be counter-productive and that what apparently is happening. Students are not aware of the potentials and the pitfalls of the models that would be applied in the case of Bangladesh. Nor are they trained on the role of culture, values, and community in the growth process. For example, to give a specific example, can Bangladesh follow a path of Japanese putting out system under the aegis of community participation and based on mutual trust and interactions? Has market penetration

While in GRIPS/FASID programs or in any outside university teachers are on time there, in my country, students are seen waiting in the corridors to beg a class from them. Teachers become the cause of tears for students hooked on to session jam and admission scam.

### Bottom line

The bottom line is that institutions matter for development. Borrowed capital/technology is necessary condition for growth but institutions for facilitating such capital/technology-led growth is a sufficient condition. Be it Japan or East Asia, educational institutions played a pivotal role in development. Bangladesh can, possibly, learn many lessons from them but definitely two should be on board. First, maintaining macroeconomic stability and looking outward, and second, provisions for good quality higher education. And for that to happen, all the institutions in Bangladesh should go under reforms before the fruits of globalization can be harvested home.

Human development is not only a function of the number of institutions or literate individuals but also of the innovative characteristics of the institutions; of transparency and accountability; of wisdom and responsibility of teachers and students; of the vision of the government about the future of the country. Our higher educational institutions are yet to rise to the needs of the occasion. Only on that score alone, Bangladesh needs to walk millions of miles before it gets to good sleep.

Abdul Bayes is a Professor of Economics at Jahangirnagar University.

## BENEATH THE SURFACE

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of Western theories and expertise with the historical experience of Japan and other Asian and non-Asian western societies. Both GRIPS and FASID are endowed with enviable rich intellectual inputs. To mention particularly about FASID, eminent economists of the world like Professor Yujiro Hayami, K. Otsuka and K. Kairajan, along with a batch of brilliant academicians, are deeply engaged in developing the design, implementation and teaching of the courses so conferred upon. The Graduate Program also has the provision for Guest Lecturers and over the years, eminent economists came here to present their views on different issues of development. To mention a few of them, for example, are Pranab Bardhan, Peter Lanjouw, John Strauss, Kaushik Basu, Gustav Ranis, Hubert Schmitz, Jock Anderson, Takamasa Akiyama, and other famous faces in the world of development economics.

### Courses and curiosities

Now, I come to the reason behind my interest in an institution like GRIPS. It is not that GRIPS is the only one such institution in the world that augers well. In fact, most of the institutions outside Bangladesh, including India,

nomics they were taught by their teachers. Back in Bangladesh, allegedly, they failed to fulfill their curiosities. Maybe this is due to time constraint or non-availability of good teachers on the courses offered. I reckon that the courses here are so designed as to make them meaningful in their practical life. The development economics course comprises not only theoretical underpinnings but also the practical experiences of countries like Japan, East Asian and other countries and the ways and means of meshing them with the emerging conditions of the developing countries.

### Right and left vs right and wrong

This, for example, contrasts sharply and sordidly with the development economics course contents in our country. In Bangladesh universities, we tend to cover four-fifths of the syllabus drawing on growth models and the radical views on development. The relative tilt towards right or left depends on the alignment of the teacher in designing the course concerned. There is no doubt that our students need to understand the neo-classical growth models and the radical minds either to accept or to

robbed communities of their real values at the moment or, conversely, could communities complement market in working better through enforcement of contracts? Should that happen, villages could be connected with global markets through the development of trading networks in rural areas, facilitated by massive investments in physical and human infrastructure by the government. In that case -- a la Yujiro Hayami -- migration to cities and the consequent congestions and inequalities could be contained. Or, say, what should or could be role of government and market in Bangladesh context. A cross-country comparison could make students make-up their minds and detect what is right and what is wrong with their rightist and leftist teachings! The models of economic development should move across countries keeping in view the existing cultural and social parameters of the countries concerned.

My visits to villages in Bangladesh who are vying for vegetables production and marking them for urban markets or the ways that vegetable exporters uphold contract growing, seemingly, point to a resemblance with the systems working in Japan and East Asia in few aspects. But till

alignment of teachers to a particular paradigm, sometimes, get more weight than the relevance of the lectures to the real life of the students or to the realities of the economy. Again, contrary to our outdated system, the courses here in FASID/GRIPS and also elsewhere are to the tune of time and completed timely. A failure on the part of a professor to do so is considered as a shame -- may be called culture of shame! In some of our cases, on the other hand, the reverse seems to hold true. For the powerful teachers, allegedly aligned to administration, failures might be the pillars of promotion -- may be called culture of sin!

### Public to perish?

The graduate institutions in Bangladesh, and I am talking particularly about public universities, must rise to the realities in and around us to avoid the decay looming large on the horizon. Unfortunately, I witness no wish for a warming up exercise among some of our colleagues. They come to the university, but not to the classes. Again, even if they kindly go to the classes, disconcertingly, they take no care of the quality of contents they confer upon their students.

# Women in a man's world

SAAD QASEM writes from Philadelphia

THE idea of gender equality is not a novelty. However, it is unfortunate, yet another harsh truth of nature that categorises women in the forbidden phrase called "the weaker sex." There is no valid reason to why women fall sick once a month, when men do not have to endure such cyclical sickness. Biblical stories site that God molded Adam from clay, while Eve was spawned from Adam's rib. From the very beginning women have been subject to be a product owned by man.

It is due to Eve's greed, Adam was brainwashed to eat the apple. It is not a surprise that women tend to be more materialistic than men. In a modern perspective, women are abused and looked down upon. All over the world women are prone to

severe violence. Eight women are raped in the United States every minute. Moreover, it is quite a task to collect similar data in Kenya, Bangladesh or any other developing country. Such is the prevalence of domestic violence, it seems like a regular household matter.

It is nature that women are "weaker," but they are also THE source of pleasure for man. Without women, these heartless males such as me would not be on the surface of the earth. Without women, would his son be born? It is about time man starts to thank women for their role in society. It is now time that we start recognising these women from the grassroots level. The first writing in Cuneiform included a sentence about rape. There is no reason such an offense should remain in the world. Man would rather be better without it, than with it.

The Bible mentions that Eve was

## Women are deprived not only in Bangladesh, but throughout every corner of the world. The world is patriarchal and to remodeling a nation such as Bangladesh the exploit of half the population is a necessity. To change the mindset of the people, we the men must unite.

asked to stay at the Garden of Eden, take care of the place and Adam. Today women cannot be restricted into their harems. To change a country like Bangladesh women need empowerment. Undoubtedly, women are using their potential in full, otherwise Begum Khaleda Zia and Sheikh Hasina would not be warriors in the battlefield. A lot has been done to positively exploit the huge work force of women, however there remains a range of more programmes to be completed.

In case of any third world country this is a clear-cut, straightforward

and rather effortless task. Micro credit projects, animators conferences, women food farmers, are some agenda meant to make women from the very grassroots self reliant on the economy. However men need to understand the value of women. In Bangladesh it seems, men will never learn to value women.

During my recent trip to Dhaka, the cook at my family house dearly enjoyed telling me the story of how hard it is to maintain his large family. He had expected to get a salary the raise or some bakshish, but he was

little delighted to hear my suggestion of employing his wife somewhere. He promptly replied, "Sir, don't you see the situation of the country, people dying everyday, price of essentials rising, it's all because women are ruling the country. Wherever ladies are placed, they ruin it. I don't want my wife to be ruining the business or household sex enters. She will repeat the failure of women." I stared at him in awe.

We are constantly pushing for such radical changes in society. The cook should not receive the blame

for such sexist comments. He is an eye witness to such dilemma, that he responds to the political situation in relation to his wife. If the rest of the country is thinking along the same school of thought as him, then the country needs to go through dramatic changes in society which is often not studied. The mindset of the people towards women should be gone through.

The Bangladesh government must take severe actions to change this mindset. With roughly 70 million women, the population is and will remain unequal. For sustainable

development the female sex has to well operate in the economy. Long gone are the days of Adam and Eve. Now the Eves are a necessity for the new world order. It is about time the global village be taken advantage of to put all of society together and bring the men and women together. Many solutions to gender equality have been found, governments according to their needs should adapt these policies and pay closer attention to the details.

While I lived in Bangladesh, I denounced women's rights and thought of it as unnecessary. Now that I have lived in the US for a considerable amount of time I realized that women are deprived not only in Bangladesh, but throughout every corner of the world. The world is patriarchal and to remodeling a nation such as Bangladesh the exploit of half the population is a

necessity. To change the mindset of the people, we the men must unite.

With this realization I joined an organization dedicated to stopping

violence against women. It is now my duty to organise the men in the

world to stop violence against

women. This organisation should be

launched in Bangladesh soon

enough. If the mission is successful

at least in Bangladesh, I will make myself a proud expatriate.