

# The Daily Star

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**I**n a profoundly existential sense it is the most important of all percentage points used in estimating collective endeavours. The growth rate of an economy is both a symbol and a reality. The symbol incorporates the fact of the matter as well as the potential. The reality is lived out by the people in their quotidian existence.

On both counts the announcement by the finance minister that Bangladesh economy has been on a robust growth track and will post a five per cent-plus rate in the next six months should be considered as momentous. For a less developed country to attain the magic figure of five per cent annual growth rate is no mean achievement. In the case of Bangladesh hobbled by endemic political unrest, characterised by parious law and order situation and battered by natural disasters the performance of the economy as announced during the mid-term economic review is not only impressive. It is nothing short of a miracle. The government and the finance minister deserve plaudits for this outstanding performance. Those with a sceptical bent of mind will, however, look askance at the figure of growth rate before rushing to conclusion or giving kudos. They may have point or two that beg for explanation.

It is elementary to state that the growth rate is a composite of several other percentages of macroeconomic nature. If those constituent percentages are not mentioned the rate of growth in question will lack credibility and may even appear as a figment of imagination. The finance minister has not elaborated on these crucial percentages that determine the growth rate nor has he explained the assumptions that lie behind some of them. Some of the figures quoted have not been disaggregated to indicate their significance in the context of growth. Factors that are the result of a presumed 'robust'

growth rate have been treated as the cause, which is fallacious. For instance, increasing volume of imports by itself is not indicative of positive growth. It is the share of raw materials and capital goods that is significant for growth in contrast to that of consumer goods. Exports made are the result of growth of the previous year or half year period. Because of this lag the exports figure does not explain, as one of the causative factor, the rate of growth currently achieved or to be achieved in future. If the export earnings fluctuate from year to year past achievements cannot be the basis for future projection either. Another indicator mentioned, the buying spree on the eve of Eid, may neither be the cause nor the result of the official growth rate, present or future, if the purchasing power came from earnings in the informal or the black economy. Neither of these shadow or parallel economies is reflected in the official national income accounts and, therefore, purchasing power derived from them cannot be part of the conventional measurement of growth rate.

Emphasis on figures that are not directly relevant in the context of growth rate is misplaced as well as misleading. The absence of crucial explanatory variables on the other hand, makes the announcement on growth rate incomplete and for that reason unconvincing. Leaving aside students of economics, even a knowledgeable person having some insight into the working of an economy knows that growth is a function of investment and investment requires savings from individuals and the government. In the event of a gap between savings

and investment a country has to borrow from external sources. Money, that is saved or borrowed, when invested becomes capital. Invested capital has different capacities to produce output depending on the sector where investment takes place and on the efficiency of its use. Thus, in the agriculture sector at the early stage four units of capital may be required to produce one unit of output. It is in

capital-output ratio for the economy as a whole can be worked out on the basis of the sectoral capital output ratios relating to a particular period.

An equation much used in modern growth theories, which has been called a simple arithmetical truism, postulates that a country's growth rate will equal its investment-GDP ratio (investment as percentage of GDP) divided by its overall capital

forecast made. In view of the erratic nature of the growth rate from year to year it is also not possible to extrapolate the past growth rate to arrive at the present or the future outcome.

On the basis of past experience and present condition it can, however, be concluded that the projection of more than five per cent rate of growth to be achieved by the end of fiscal 2000-2001 is rather ambitious and unrealistic. Firstly, to attain a growth rate of more than five per cent an investment-GDP ratio of around 27 will be required (given the average capital-output ratio of five) which, on the face of it, is unrealistic as the country has never chalked up such a high percentage. With the domestic savings hovering around 16 per cent, the difference of more than 10 per cent has to come from external sources (official and private) if the investment target has to be met. The country has not been able to attract foreign assistance of this magnitude at anytime in the past. Nor is any miracle waiting to happen round the corner. Rather leakages of foreign exchange earned by wage earners through unofficial channels threaten to further widen the gap between foreign exchange and investment.

At a more serious albeit technical level, the underlying assumption that average capital-output ratio in Bangladesh is at present five may itself be unrealistic because of the growing inefficiency in the use of capital in the public sector, increasing investment in capital intensive sectors like energy, telecommunications, defence and infrastructure development including irrigation and flood

protection. Along with these developments, encouragement of the private sector has seen a slow but steady rise in investment in manufacturing. Without full capacity utilisation due to inadequate infrastructure including power supply much of the new investment has had adverse impact on the capital-output ratio. Agriculture, the saviour of the economy which was characterised by low capital-output ratio has come to use more capital intensive technologies over the years. All these indicate that the average capital-output ratio in Bangladesh at present could be as high as six if not more which implies that to achieve five per cent plus growth rate investment has to be around 30 per cent of GDP. Even as a target the percentage is unprecedented and there is no basis to be optimistic about such a huge surge in investment in the near future.

The conclusion that emerges from the above analysis is that it is not all that easy to jack-up the growth rate to a fanciful figure. Writing in 1964 Maurice Dobb said: 'To raise growth rate to an adequate level and to maintain it there without a relapse in stagnation requires appropriate type of political and social organisation capable of inspiring human endeavour and mobilising economic resources to the desired ends.'

It may be one of the amazing facts of life that that even after all these years, conducive environment and resource mobilisation emphasised by Dobb still

constitute the engine of growth. Rate of growth may be a powerful symbol but its reality is very much down to earth. To quote Dobb again, "It is not a new form of magic achievable by the wave of hand." Or by rolling out a jumble of figures. The emperor's new clothes should be transparent enough to be visible but not too transparent to escape the naked eye.

## IN MY VIEW

Hasnat Abdul Hye



this sense that the agriculture sector of a country at a particular stage of development is said to have a capital-output ratio of four. The corresponding ratio in the industrial sector may be six which is also another way of saying that industry is more capital intensive. The capital output ratio in a sector does not remain static. It changes incrementally on a year to year basis depending on the efficient use of capital and industrialisation. Variation also takes place on a basis of gradual capital deepening i.e. greater use of capital as may happen in the agriculture sector that adopts mechanisation, modern irrigation practices and uses chemical fertiliser on an increasing scale. These incremental changes require economy-wide estimates of capital output ratios to be made at regular interval to reflect the changing configuration of capital co-efficient (capital output ratios). An average

output ratio. Let it be assumed that the average capital output ratio for Bangladesh economy at present is five. It follows from this equation that to achieve a growth rate of five per cent plus by the end of the current fiscal year Bangladesh economy will have to invest more than 25 per cent of GDP this year. The required investment will have to be financed by domestic savings (private and public) of equal magnitude (25 per cent of GDP) and in case of deficit, foreign loan and foreign investment (direct and portfolio) will have to take up the slack. In the recent announcement about the country's prospect of achieving a growth rate of more than five per cent during the current fiscal year, the relevant figures of investment-GDP, savings-GDP, foreign capital-GDP and capital-output ratios have not been mentioned. There is thus no empirical basis to assess the veracity or likelihood of the

## Neli Hasan and 1133 Formidable Ladies

... her eyes were sad as though the grief of having to wait 22 years to settle her scores with VOA had started to condense in her gaze. ... it was not for money she had fought against VOA for all those years. She had fought because she couldn't tolerate her own humiliation by an organisation, which denied her the right to dignity. Simone de Beauvoir had defined woman as intermediate between a man and a eunuch. Neli Hasan and those formidable women proved that they were neither, but when united and determined, they could make one of the other.

hair arching over her forehead gave her a halo of wisdom and experience, enveloped by the end of sari, which covered her head like a veil, in deference to the time for Magreb prayer. While she impressed me as a devout Muslim, she also struck me with her staunch criticism of anything that undermines women, including the fatwa culture.

When asked what she would do with the award money, Judith Ambrose, who was 26 when she had applied for a radio broadcast technician's position in 1976, said she planned to "buy a car that really runs." But Neli Hasan came to think of her land of birth first. She had left Bangladesh not long after the liberation war to join her husband who was studying in the USA. Now that she has a chance, she intends to give something back to her country. She plans to use part of her cash award to help promote women's rights in Bangladesh.

In jest I reminded her that she was a rich person now that she had won a great deal of money. When she looked at me to respond, her eyes were sad as though the grief of having to wait 22 years to settle her scores with VOA had started to condense in her gaze. Then she chided me in a low and trembling voice that it was not for money she had fought against VOA for all those years. She had fought because she couldn't tolerate her own humiliation by an organisation, which denied her the right to dignity. Simone de Beauvoir had defined woman as intermediate between a man and a eunuch.

The victory of Neli Hasan and her co-plaintiffs in the legal battle came as a tribute to that long struggle of women to find their rightful place in life. When I met Neli Hasan in her Virginia home, she was breaking her fast with Iftar. The strands of grey

enduring workmanship of those who built the Taj Mahal. It took 1134 women 22 years to prove that one of the world's premium broadcasting agencies had wronged against them.

Neli Hasan is a Bangladeshi, who works for the Bangladesh E m b a s s y. One other Bangladeshi amongst those women was Dilara Hashem, the noted Bengali novelist, who is employed at the Voice of America in Washington DC. Other women came from various parts of the world seeking jobs, between 1974 and 1984, at Voice of America in Washington DC as writer/editors, foreign language broadcasters, foreign information specialists, production specialists, radio broadcast technicians and electronic technicians. But the agency rigged the system to discriminate against them resorting, in some cases, to test fraud, alteration of test scores, pre-selection of men, and destruction of key personnel and test files even when the lawsuit was pending.

Through the crack opened with a lawsuit by these women more than two decades ago, came the gate-crushing revelation that for years VOA had discriminated against women. Law professor Stephen A. Saltzburg, who was appointed special master by US District Judge Charles R. Richey, found in his investigation that the agency had destroyed the test files of Neli Hasan. She had applied for a broadcaster position in the Lok Sabha. They cannot be even sure that they would not lose their Ministers and other MPs in the Lok Sabha. The three leaders are afraid of their parties getting split or even being gobbled up by the largest party in India through massive defections with the help of allurements of

tion in the Bangla language, but it was not the last victory, which as though restored the missing link of their existence.

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## CROSSTALK

Mohammad Badrul Ahsan



Dilara Hashem, a male applicant, who had failed the qualifying test and whose voice a test evaluator had deemed "monotonous and artless" and "needed a lot of coaching" was hired. She was offered a part-time position instead.

US District Judge James Robertson approved \$508 million in cash awards to those 1134 women. In addition to this settlement, these women were also paid \$22.7 million in back pay and interest. Curiously, the payment came 15 years after another US judge had ruled that the Voice of America, then a part of the now-defunct US Information Agency, had discriminated against women. For most of the plaintiffs, the award announcement came as a vindication of their long-harboured anguish.

As many of them had already arrived on the edge of their lives, it was one last victory, which as though restored the missing link of their existence.

For many people around the world, it was shocking to find that the dense darkness of discrimination had crept under the

prevalent notions that tended to confine women to their traditional roles as wives, mothers, and homemakers.

A milestone in the rise of modern feminism was Simone de Beauvoir's book *The Second Sex* (1949), which became a worldwide best-seller and raised feminist consciousness by appealing to the idea that liberation for women was liberation for men too. Meanwhile, the growth of the service sector in the Western world in the decades following World War II helped create new types of jobs that could be done as well by women as by men. In addition, the Civil Rights Movement in the United States during the 1960s inspired women to try to obtain better conditions for themselves through similar campaigns of mass agitation and social criticism.

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## OPINION

## The Grim Fight Must Go On

Esam Sohail

**O**n his visit to Bangladesh last year, U.S. President Bill Clinton recalled that the people of Bangladesh had waged a lonely fight for freedom in the dark days of 1971. Indeed those were lonely days when a small country was engaged in a life-and-death struggle against an ruthless enemy while the world largely looked on.

The recent High Court judgement on the practice of 'fatwa' (pseudo-religious edict) and 'talaq' (verbal divorce) should remind us that we are again in a struggle of significant proportions. That courageous verdict by the honourable bench underlines to some extent what kind of people we are. While the progressive patriotic forces in Pakistan, Sudan, Iran, and Mauritania capitulated en masse in face of the religious neo-Nazis, Bangladeshis have kept on the grim fight going. This verdict from the judiciary is the sound of that on-going resistance. This is a proud moment for the spirit of Bangladesh.

We should not, however, let our guard down. The forces of retrograde religious fanaticism are well funded, well led, and well motivated. They have the twin benefits of powerful allies abroad and pious people at home. At the

present moment, some of these very forces have taken full advantage of the legitimate anti-government movement and surreptitiously melded with the secular and genuine Opposition

elements. This alliance with the secular Opposition parties has given the fanatics a measure of respectability that will be used to fool the people soon.

But there is good news too.

Unlike Pakistan or Sudan, all the major political parties (Awami League, BNP, Jatiya Party) in Bangladesh are largely secular and non-sectarian. Our people, while pious, are hardly fanatics. The repeatedly dismal electoral performance of outfits like the Jamaat-e-Islami and the Islamic Oikya Jote continuously underlines the basic commonsense of the populace. And while some of our mosques are sometimes used for political purposes, by and large the mosques and imams of this country keep on their tasks of saving souls rather than storing guns for jihadis.

Yet, the vigilance must never stop. Thomas Paine, heartened at the success of the American Revolution, cautioned his countrymen against becoming too comfortable in their liberty. After all, Paine declared, "the price of freedom is eternal vigilance". We cannot but heed that advice. This vigilance, however, must never be confused with repression. In a free country, everyone ought to have the right to speak, publish, and associate freely. Whether a party's politics is secular or religious is not the government's business. After all, when the government engages in political repression, it always creates martyrs who, in turn, are

used by dark forces to create undue sympathy for their own nefarious ends. Nonetheless, it is the business of responsible opinion leaders in society to keep the public ever aware of the insidious dangers lurking in the politics of those who would turn back the clock to the fifteenth century.

Like most other countries with a Muslim majority population, Bangladesh is in the midst of a struggle. On one side of this struggle are those who dream of a modern, open, parliamentary democracy with free people, free ideas, and free markets. On the other side are forces who would turn this land of ours into a theocracy where a select group of high priests in robes and turbans will interpret God's will for each facet of our individual and collective lives. This struggle will determine which international community will Bangladesh join: the camp of freedom or the camp of obscurantism. The choice is clear.

The grim fight must go on. Win or lose, let the world at least say that we did, in the words of Ronald Reagan, 'all that could be done to preserve freedom'.



Women hailing the High Court verdict on fatwa at the Central Shaheed Minar in Dhaka, January 9.

-- Star photo