

The Daily Star

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IN 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 parlous 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 a 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 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 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)

empirical basis to assess the veracity or likelihood of the 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 infra-

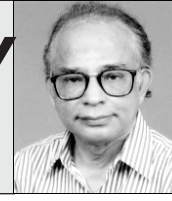
structure development including irrigation and flood protection. Along with these developments, encouragement of the private sector has seen a slow but steady rise in investment in manufacturing. Without full capacity utilisation due to inadequate infrastructure including power supply much of the new 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.

Deconstructing Growth

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IN MY VIEW

Hasnat Abdul Hye



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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 condensate 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

THE story needs to be told because it elevates the human spirit. The largest class action case in the history of the Civil Rights Act in the US was won by Neli Hasan, and 1133 other women in March 2000. These women showed the determination of Robert Bruce, the Scottish king, who after many attempts had regained his kingdom. They showed the unassuming ardour of Sultan Mahmud of Ghazni, who had conducted more than 20 raids to prepare the road to conquest of India. Above all, they had the 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 Embassy. 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 a 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 Bangla language, but didn't get the job because a more qualified applicant was hired. Professor Saltzburg mentioned in his report that the destruction of the test files 'plainly fell outside the regular course of docu-

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 dis-

crimination had crept under the flickering flames of an advanced society. While the success of that finding is attributed to the iron-will of those women, it was made equally possible by the fairness of the US legal system. But it also showed that human society unfolds itself in the long and slow course of time, that the surging tide of progress must crash over the undertow of anachronism. The concern for women's rights, which goes back to the days of Enlightenment, was still roiled in the thick of prejudice even in the latter part of the 20th century! That concern was fully set forth in Mary Wollstonecraft's A Vindication of the Rights of Woman, published in England in 1792, challenging the idea that women exist only to please men and proposing that women receive the same oppor-

her fast with Iftar. The strands of grey 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 just 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 condensate 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. Neli Hasan and those formidable women proved that they were neither, but when united and determined, they could make one of the other.

Friday Mailbox

Pakistani diplomat

Sir, I have been reading your newspaper on the internet and feel I must comment on various editorials and letters written on the above subject. I am a Pakistani, Punjabi and have lived in Canada for the last 30 years. In 1971, during the unfortunate time I was in university and collected and saved every piece of written material about the war in the then East Pakistan. I still have that file and whenever I look through it I feel sad, ashamed and somewhat guilty. My feelings about the Bengalis in East Pakistan were always of brotherhood and love. These feelings have not changed and my love for Bangladesh will never end. I also know that an average Pakistani has never hated and still considers Bengalis their brothers.

On other debatable issues here are my personal opinions:

Mr. Bhutto was the main cause of this tragedy. Sheikh Mujib won the elections but Bhutto could not accept his victory and paid the price in the end. Gen. Yahya was a complete fool and acted for Mr. Bhutto. India's role did complicate the matter and Pakistanis acted as if the Mukti Bahini was a part of an Indian plan to destroy Pakistan as an independent entity. Pakistan since then has been looking for an opportunity to even the score with India. The Pakistani army was in a very difficult position to defend itself and acted in an uncivilised manner. Mr. Bhutto in fact did everything to deny a political resolution of the problems. Pakistan is going through a growing up stage because it inherited a sick political set up. I am sure things will change and one day Pakistan will stand shoulder to shoulder with Bangladesh as a brother country.

I hope the readers of your newspaper will understand and wait for the right people to ask for forgiveness.

Ibrar Khan
Dhaka

BJP's "roaring tiger"

Sir, Indian Prime Minister Atal Behari Vajpayee's recent antics both inside and outside parliament is a great victory for Hindu fundamentalists in the BJP, RSS, VHP and Bajrang Dal. The secularists led by the Congress Party provoked the BJP by desperately trying to wean away its allies from the NDA and by frightening Prime Minister Atal Behari Vajpayee who was known as a moderate. Vajpayee has suddenly started roaring loudly like a saffron tiger! All the Sangh Parivar's fundamentalist tigers have also openly started roaring loudly and are on the warpath. Vajpayee is now roaring the loudest in BJP. Both the disillusioned and grudging allies of BJP and the Opposition have become mortally afraid of defeat in the elections to the Lok Sabha if they are held in the near future.

Just to get a few more Muslim votes in the elections in future, the so-called secular allies of the BJP in the NDA made a lot of noise in and outside Parliament over the saffron brigade's plans of constructing the Ram Mandir at Ayodhya. But they are only playing a double game, like all politicians who believe in self-interest and self-preservation.

They are not sure of getting even 1 per cent more of the Muslim vote in the elections. Since they have been in a coalition government with the Hindu fundamentalist BJP at the Center till

now, the secularism of BJP's allies has got very tainted by their close association with the saffron brigade's political wing. Muslims certainly cannot trust their saffron-tainted secularism anymore. Muslims can never forgive them for allying with the communal BJP and will never vote for them. If they make a lot of pro-Muslim noise, they may lose 30 per cent of the total votes from the Hindu supporters of BJP as well. So they are only making empty threats of quitting the NDA government.

Can the Muslims really consider the DMK as a secular party when reportedly it has links with the fundamentalist Hindu outfit, Liberation Tigers of Tamil Eelam, which is operating openly in Sri Lanka and also secretly in India?

Why cannot the paper tigers like TDP leader Chandrababu Naidu, DMK leader M. Karunanidhi and Trinamool Congress leader Mamata Banerjee carry out their threat of withdrawing their support to the NDA government? How can they be sure that the MPs of TDP, DMK and Trinamool Congress will agree to lose their power and privileges? Can they persuade their colleagues to be prepared for new elections to 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 ministerial posts and other inducements that can be offered to many of their MPs by the BJP. So these leaders are alternatively roaring like tigers and then desperately meowing like frightened cats.

The ministers from the BJP's allies must have got so accustomed to the salaries and perks of office that they are not willing to give them up. So much so, that the secularist Opposition has really started getting scared of possible elections and even a massive defeat. They seem mortally afraid of having provoked the Hindu fundamentalists over the issue of Ram Mandir construction at Ayodhya. Nobody seems really interested in bringing down the BJP-led Government at the Center as the opposition parties just cannot provide an alternative regime. Have they got a common leader who can be considered for the post of prime minister? They are also not ready for new elections to the Lok Sabha as they are not sure of winning them.

How will India and the world deal with the rapidly increasing new breed of the holiest and purest saffron-colored tigers?

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OPINION

The Grim Fight Must Go On

Esam Sohail

ON 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 a 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 to 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