

Human development catastrophe since 2001

ZAKARIA KHONDKER

RECENT media focus is emphasising more on the Corruption Perception Index (CPI) rather than the more important and statistically robust indicator, Human Development Index (HDI). CPI is a quantitative measure of some qualitative surveys of perceptions that can be subjected to what people actually think rather than what actually is; people in different countries can define corruption very differently. Another problem is that due to lack of information, CPI uses different data from sources for different countries, making country to country comparison susceptible to criticism.

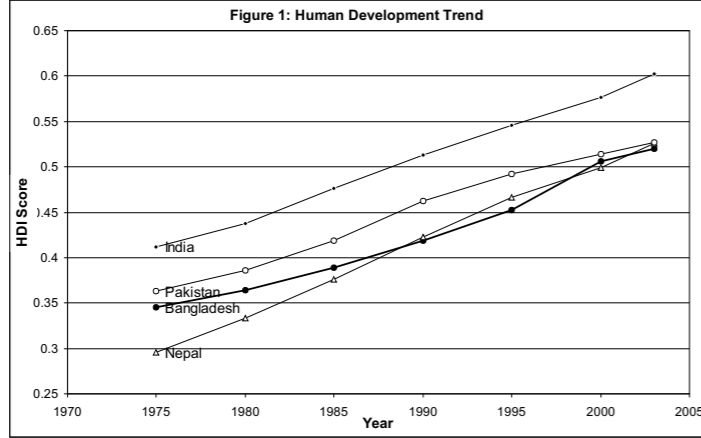
Imagine a number that is averaged over millions, perhaps, billions of numbers, whose minor change can impact the lives of millions. A single number based on facts instead of perceptions that takes into account peoples health, education and living standard all together and holds an indication of where a country is heading for the future.

The United Nation's Human Development Index (HDI) for a country is based on a score computed from three leading indicators: long healthy life, achievement of knowledge and living standard. These factors are measured by 1) life expectancy at birth, 2) literacy rate, and school enrollment and 3) Gross Domestic Product (GDP) per capita adjusted for purchasing power (PPP).

Unlike CPI, HDI is much more robust and more objectively measured and it allows for year to year comparison. All these measures are defined the same way in all countries allowing for reliable worldwide com-

parisons. This HDI score is the average of millions of numbers and hardly fluctuates unless there is real change on the ground.

Change to in any of the above three factors will impact the score and determine a country's relative ranking in the index. From the UNDP's HDI trend data, it is possible to compare a country's past and present, and get a sense of where the country is heading in the future. While the current score a



ranking in HDI is important, it is more important to look at the trend. The trend provides us with tools to project where a country is heading. While there are many discussions and analyses on the index, the ranking it provides, few have looked at the trend and future projections for the country. I would like to look deeper into the trend itself, and graphically present the picture for a better understanding of readers.

Figure 1 below shows the trends of

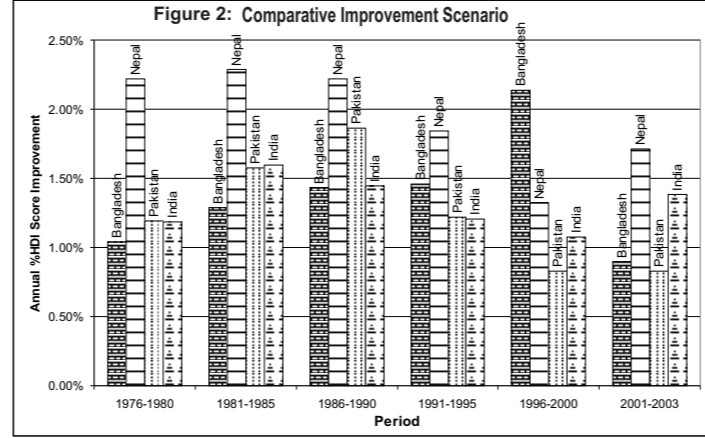
We need to ask ourselves why Bangladesh achieved tremendous improvement in Human Development during 1996-2000 to overrun India, Pakistan, and Nepal. Why is Bangladesh facing such drastic problems now? Do we feel the need to seriously consider all possible reasons rising above all partisan emotions?

HDI score for major South Asian countries. Data for Bhutan is not available and Maldives and Sri Lanka are quite far ahead of the countries presented below. So it will be more

from the chart, which pushed Bangladesh ahead of Nepal and almost close to Pakistan. The dashed line on figure 3 is the projected path for Bangladesh had the same rate of

rate fell well behind while Bangladesh was able to improve at a rate close to 1.5 percent during 1990-1995. Then in 1996-2000 it jumped sharply over 2.1 per cent that pushed Bangladesh's

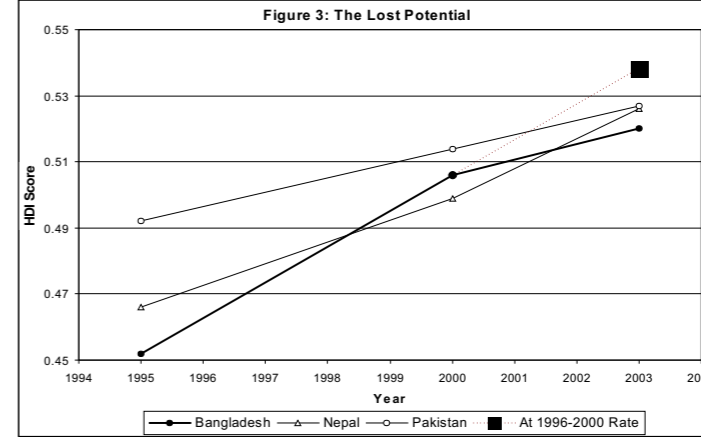
was 1976-1980) in Bangladesh's human development. What would have happened to Bangladesh if the same rate of improvement as we seen in 1996-2000 continued till 2003 and



growth seen in 1996-2000 period continued till now (I will discuss little more on that). How much was the improvement for these countries over the years?

Figure 2 shows the average annual percentage of improvement over different periods. As you can see the rate was close to 1 per cent during 1976-1980 and stayed behind Pakistan during 1976-1990, the whole period of military dictatorships, but was gradually improving. Pakistan's

improvement ahead of the region. In 2000 Bangladesh HD score stood ahead of Nepal and was on the race to catch Pakistan by 2002. Then in the period of 2001-2002 the rate for Bangladesh nose-dived from 2.1 per cent annual improvement to 0.9 per cent. Without going into any subjective bias and politics behind it, just the rate of improvement as shown in figure 2, makes me call 1996-2000 the "golden era" and "2001-2003" the "darkest era" (the second darkest era



Note: The Score for Pakistan in 2000 is estimated using interpolation.

beyond?

Now, let's look at the projected path if the same rate of 2.1 per cent continued after 2000. The dashed line heading to the big rectangle in Figure 3 shows the projected path for Bangladesh if the country could have continued at the similar rate as 1996-2000. The rectangle is what our position in 2003 would have been if we could have continued the same growth as seen in the five year period between 1996 to 2000, but

unfortunately we have ended up well below Nepal and Pakistan. The improvement rate has plunged to a historical low of below 1 per cent from a historical high of 2.1 per cent. This is a lost potential, while we were on the way to surpass Pakistan and Nepal by 2002, we are now falling further behind them. Instead of a race to catch India we are still in a race to catch Pakistan and Nepal. Why this plunge and what are the implications?

Two possible sets of factors might

This minor difference in HD score has tremendous implication on millions of lives. This could mean millions falling below the poverty line, millions suffering from malnutrition, millions not getting education, and millions dying earlier.

If not reversed soon, this plunge can reinforce itself through social unrest, rise of religious extremists, aggravated corruption, criminalisation of the society, etc. This decline could mean hundreds of thousands children leaving school early or never going to school and eventually ending up in madrassas (religious schools largely funded by religious fundamentalists from the Middle East) where they will never get proper training to participate in economic activities, leading to further deteriorations. A smart nation will address its problems at the first signs.

We need to ask ourselves why Bangladesh achieved tremendous improvement in Human Development during 1996-2000 to overrun India, Pakistan, and Nepal. Why is Bangladesh facing such drastic problems now? Do we feel the need to seriously consider all possible reasons rising above all partisan emotions? Do we feel the necessity for reversing the deterioration before everything falls apart and Bangladesh ends up at the bottom of the Failed States Index? Before Bangladesh is labeled as "the most corrupt country" for another year?

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Remembering Rezaul Karim

MAHFUZUR RAHMAN

WE were not particularly close, Rezaul Karim and I, but we have been good friends for over half a century. The shock of the news of his death in Cairo on Friday ushered in nuggets of reminiscences. I write them down as my final tribute to Reza -- patriot, diplomat, gentleman, friend.

The first time we met was in 1952 when we both enrolled in first year honours in Economics at Dacca University. Tall, handsome, and quick to smile, he was a charmer. It was, however, at a special two-year course in French that I came in closer contact with him. He finishes his honours in Economics in 1954 and decided not to go on to do his master's in the subject. He went off to Karachi. I stayed on. Our path forked away in very different directions. We had only a few and cursory contacts since then. But on every occasion he was all grace and smile.

Decades later, and only a few years ago, he visited me in my Manhattan apartment. I showed him a photograph. It was taken in 1953 in the grounds of the Dacca University arts faculty building. And there we were:

Reza, Anisur Rahman, now economist and exponent of Tagore music, Munimun Nesa of the department of English, and I. Anis, Reza and I were in pajama pants, shirts, and slippers, the usual attire of college students



then. Reza was visibly moved to see the photograph. I had a copy made and presented it to him.

Our contact got intermittent again. As if to make up for it, The Daily Star published, less than a year ago, a

fairly long article by Reza on a third world leader whom he lauded, which was immediately followed, in the same issue of the paper, by a short article of mine in which I eviscerated his hero. I do not believe that either the editors or the reader knew that the two opposing views were those of two old friends. But we came together on paper.

The last time I saw Reza was in August this year, just over two months ago. Syeduzzaman, mutual friend, threw a dinner for old university mates, primarily to say bon voyage to Reza who was soon to leave for Cairo to take up his ambassadorial post. He did not look very well. But as usual, he was all smiles. As expected, he also spoke. There were speculations, he said enigmatically, about (among others) how long would he last in Cairo as ambassador. Some speculations, he said, had it that he might last just about a year, an obvious allusion to a possible change of government. He smiled and left it at that.

The news of his passing must now make those last words poignant in the extreme to all those present. To me they are.

Goodbye, Reza! You will be missed.

Is a deep sea port right for Bangladesh?

JAMALUDDIN QUADER CHOWDHURY

DURING the past weeks a lot has been written about the establishment of a deep sea port in Bangladesh.

A tender has now been floated by the Ministry of Shipping and seven companies have been invited to bid on the technical-feasibility study of establishing such a port. Though such an initiative to improve the country's infrastructure should indeed be welcomed, on the other hand, one has to ask whether such a port is indeed going to be of benefit to the country?

First of all, the site that is being considered is located south of Cox's Bazar, and to develop the inland infrastructure to support such a port would be immensely time consuming and costly. Before a decision is taken on whether or not to connect the Asian Highway (and how), even thinking about making such an undertaking a sound one is doubtful, to say the least.

If we think about north-eastern Indian cargo, we can see that the main and almost only export item it has is tea. But we know that any trade should always be both ways for both parties' benefit. Whether or not it will be possible to attract cargo from north-eastern India is likewise doubtful, due to the political envi-

ronment. Today cargo cannot move freely between the two countries. Then there is Bhutan and Nepal to be considered. But their export and import potential is in this respect so small that it is not going to make such a project fly. Myanmar has its own port (as does eastern India), so it

as raising money in Bangladesh would under normal circumstances cost more than that, bearing in mind our interest rates. This is presumably also why Bangladesh has not managed to build a container vessel fleet of its own.

One can look at a world map and

Bangladesh is unfortunately situated too far away from the main shipping routes to attract large container vessels to make direct calls, and therefore other alternatives should be looked upon to ensure that Bangladeshi imports and exports can be economically shipped from and to the rest of the world.

is doubtful how much cargo Bangladesh would be able to attract from there as well.

The trend amongst international shipping lines is to build larger and larger container vessels calling on the so-called hub-ports. Containers are sent to these hub-ports via smaller container vessels (feeders). This is because of economies of scale. A new 8,000 teu (20 foot equivalent unit) in today's market costs more than \$100 million, and shipping lines naturally want their investment to have a reasonable pay-back. Over the years the return of investment amongst the global shipping lines has been less than 10 per cent, and that would hardly attract a Bangladeshi investor,

realise that today the last hub-ports relevant for Bangladesh, the ones that are en route from the Far East to Europe and the east coast of the US, are in Singapore, Malaysia, and Sri Lanka. There are no major ports in-between, and this is not because of lack of sufficient water depth (15 meters plus is required for today's largest vessels). The simple reason is that the daily running costs for the container vessels and the requirement for fast transit times between the Far East and Europe will not allow them to deviate from the direct route: Singapore or Malaysia to Sri Lanka to Suez en-route to Europe. To call at a port in Bangladesh would require a deviation of some four

days, and when you compare the cost (and time lost) with that of taking cargo from Myanmar, Bangladesh and eastern India to the hub-ports by feeders with that of the required deviation, it is simply not an economically viable proposition.

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situated too far away from the main shipping routes to attract large container vessels to make direct calls, and therefore other alternatives should be looked upon to ensure that Bangladeshi imports and exports can be economically shipped from and to the rest of the world.

The much discussed need for improvement of the efficiency (and thereby cost reduction) in Chittagong port is progressing with the on-going ADB project, the upcoming gantry cranes, and the establishment of the new mooring terminal. There is more space to further expand Chittagong port to allow for the necessary growth in capacity in the years to come.

Then there is the port of Mongla. If dredging is done in the river, because of the need by planned industries en-route to Mongla or simply to allow Mongla to become an alternative to Chittagong, this port would indeed be a viable alternative. Approximately 70 per cent of the total export of the country originates from Dhaka. Everybody realises that the Dhaka-Chittagong highway cannot sustain the required growth in traffic -- even if it is expanded to six or eight lanes over the years to come. Mongla is closer to Dhaka than Chittagong, and once the bridge is opened there would be opportunities in re-routing cargo to and from Dhaka via Mongla.

On top of this, one must consider expansion of the railway capacity between Dhaka and Chittagong, starting much more economically viable barge services for containers between these two points, and making it possible to allow containers to be stripped at consignee's premises and stowed at shipper's premises as is the practice in most countries of the world.

On sober reflection, then, the need for a deep sea port in Bangladesh is maybe not that compelling -- at least looking at a fifty years horizon!

Jamaluddin Quader Chowdhury is a leading businessman in the shipping sector.

The future of Biman

ABDUL QUADER

RECENT newspaper reports suggest that Biman Bangladesh Airlines has been facing all kinds of problems for a long time. This includes rife and rampant corruption, inefficiency and maladministration, and prolonged loss making. The situation concerning financial liquidity is so bad that the Bangladesh Petroleum Corporation (BPC) has just agreed to supply jet fuel to Biman on credit until the coming Eid-ul-Fitr. Biman owes Tk 508 crore to the BPC which has been long overdue.

It is obvious that Biman is now under tremendous financial pressure which has led to its recent decision to cancel loss-making domestic flights to Barisal. Newspaper reports suggest that Biman will reduce the number of flights on some other domestic routes as well. It is also understood that Biman has decided to discontinue its flights on some international routes that include Paris and Frankfurt, but will continue to run flights to New York although this route incurs huge losses to the state-run airline. The Prime Minister Khaleda Zia apparently wants that the flights be continued to New York. This is another example of how the country is run according to the whims and caprices of the powerful people. These people seem to consider the state as their private prop-

erty, and manage that property the way that suits their personal likes and dislikes, without consideration of the welfare of the people in general.

Biman has long been incurring huge financial losses on many air routes, both domestic and international. There have not been any serious efforts on the part of the government to make it run purely on commercial basis. It has always been treated just as a national flag carrier, no matter whether it earns profits or makes continuous losses. False prestige is more important than commercial viability, so to speak.

Now the Prime Minister has set another bad example of interfering with the affairs of the national airline by encouraging Biman to continue to incur losses on an international route (New York) which perhaps never yielded profits. Who will pay for the losses incurred due to her unjustified intervention -- the Prime Minister herself, out of her own pocket, or the state (and for that matter the public)? Is the running of an airline just a matter of national prestige and the Prime Minister's dreamy whim, or a matter of practical commerce and trade? Any commercial entity, be it privately owned or state owned, usually should carry out its business on commercial principles and considerations.

Theoretically speaking, Biman should have been allowed to go out of business long ago to prevent the

colossal financial losses it has amassed over the years due to inefficiency, corruption, and ill-conceived opening of many domestic and international routes. It should have been privatised many years ago on considerations of sustainable financial management and public welfare on the part of the state.

According to the State Minister for Civil Aviation and Tourism Mir Mohammad Nasir Uddin, Biman needs another dose of life-saving drug in the form of Tk 100 crore to pay for the overdue fuel bills, otherwise the airline cannot be properly managed! This implies that the only way to properly manage an airline is the continued injection of public money into a loss-making white elephant like Biman. The minister and the top management of Biman should better resign for colossal failure to improve the financial performance of the national flag carrier. We know that it is not the political or social culture in Bangladesh to voluntarily quit a position. Nobody takes responsibility for consequences of his or her actions in relation to public administration. Most people try to find scapegoats for any adverse and unpalatable consequences of their actions and behaviour. There is hardly any accountability on the part of the ministers and the top bureaucrats, even if something goes seriously wrong that may cause significant harm to the financial manage-

ment or other aspects of governance of public affairs.

In the past, Biman opened many domestic and international routes without doing any cost-benefit analysis. There was sort of a wish-list of some powerful masters and Biman had to satisfy those masters by engaging in unprofitable business activities. The question of commercial viability did not appear to have played any role in making decisions on opening routes. No SWOT (strengths, weaknesses, opportunities, and treats) analysis was ever done to see if any particular route will be profitable or unprofitable. Comprehensive market analysis, including the demand for service, competitors' strengths and size of the market, is required to be conducted, especially in a business sector that faces fierce and often cut-throat competition. Due to immense competitive pressure and constant losses, many airlines in the world have simply gone bankrupt disappeared.

It should not be the business of the government to continue to provide financial support to a perennial loss-making publicly owned commercial enterprise. Let Biman die a natural death if it cannot run on profits. How long will the tax payers of the country continue to support a terminally ill patient?

Abdul Quader is a freelance contributor.

The price of loyalty

JONATHAN ALTER

THE posthumous purple heart rested near the folded American flag on the modest dining-room table of his parents' home in Cleveland. Edward (Augie) Schroeder, a Boy Scout turned Marine, was killed along with 130 other soldiers on their fifth trip into Al Hadithah, Iraq, to clean out insurgents. Their fifth trip. "When you do something over and over again expecting a different result," Augie's grieving father, Paul, told me, "that is the definition of insanity."

As the death toll of American soldiers in Iraq reached 2,000 last week, Paul Schroeder concluded that the military had not sent enough troops to Iraq to do the job properly, and that the president was incompetent. "My son's life was thrown away, his death was a waste." Then, noting that he shared a birthday with his boy, he broke down and said he would not be able to celebrate his own birthday anymore.

The Schroeders were on my mind as I watched Patrick Fitzgerald's skillful press conference. He laid out the seriousness of blowing the cover of CIA operatives. He explained clearly why (Dick Cheney's chief of staff) Scooter Libby had been indicted. He even struck a blow against rogue prosecutors (like Kenneth Starr, though he didn't mention him) whose staffs routinely leak to the media in violation of the

law. But Fitzgerald was wrong on one count, at least metaphorically. "This indictment is not about the war," he said. Oh, yes, it is.

According to Fitzgerald, Libby had conversations with at least seven other government officials about Joseph and Valerie Wilson that he did not disclose to the grand jury. Why were top White House officials and Vice President Cheney so concerned about an obscure former diplomat like Wilson? Because he had the temerity to offer public dissent. By showing how evidence of Saddam's WMDs had been cooked, Wilson undermined the very reason Augie Schroeder and the rest of the US military went to war. He was more than "fair game," as Karl Rove called him. He was a mortal threat.

This has been the Bush pattern. Treasury Secretary Paul O'Neill presently says a second tax cut is unaffordable if we want to fight in Iraq's fired. Bush's economic adviser Larry Lindsey presently says the war will cost between \$100 billion and \$200 billion (an underestimate).

-- he's fired. Army Gen. Eric Shinseki presently says that winning in Iraq will require several hundred thousand troops sent into early retirement. By contrast, CIA Director George Tenet, who presided over two of the greatest intelligence lapses in American history (9/11 and WMD in Iraq) and apparently helped spread "oppo-

ammo" to discredit the husband of a woman who had devoted her life to his agency, receives the Presidential Medal of Freedom.

The conventional Washington explanation is that this is just old-fashioned politics. As long as you don't lie to a grand jury, there's nothing illegal here. But the consequences of a bias for loyalty over debate even internal debate have been devastating. The same president who seeks democracy, transparency, and dissent in Iraq is irritated by it at home. O'Neill tells his story in a book by Ron Suskind called "The Price of Loyalty," and that title is the missing link in explaining the failure of the Bush presidency. The price of loyalty is incompetence. Issues don't get aired; downside risks remain unassessed.

Instead of reaching out and encouraging disagreement, Bush let neo-cons like Libby and Paul Wolfowitz hijack his foreign policy. Amazingly, the pros and cons of invading Iraq were never even debated in the National Security Council. If you had doubts, like Colin Powell, who were marginalised. (Powell's former chief of staff, Lawrence Wilkerson, said last week that a "cabal" of isolated policymakers ran a government of dangerous "ineptitude.") Consider the case of Brent Scowcroft. According to last week's New Yorker, the former president Bush has tried to arrange a meeting between his old national-

security adviser (and best friend) and his son. But after Scowcroft wrote a 2002 op-ed piece titled "Don't Attack Saddam," the president has consistently refused his own father's request. Now we know that Bush's lack of curiosity has proved fatal.

Paul Schroeder says that well-meaning people offer their condolences over Augie, "then they whisper to us, 'We oppose the war, too.' Why do they whisper?" Why? Because until now, the Bush White House has successfully peddled the idea that dissent is somehow unpatriotic. Paul and his wife, Rosemary, take a different view. "I think it's more patriotic to speak up," Rosemary says. "If the emperor has no clothes, or the president has no plan -- then you have to speak out. Otherwise, you're putting all these lives in danger for no good cause."

The good news about the president's bad week is that even his conservative backers are no longer willing to keep quiet when they think he's wrong. And Fitzgerald was so impressive that the normal White House response to savage the critic was not an option this time. So Karl Rove survives, but the fear he stoked is easing. Four years after September 11, we're beginning to get our democracy back.

Jonathan Alter is a senior writer for Newsweek. © 2005, Newsweek Inc. All rights reserved. Reprinted by arrangement.