

The Next-11



Growth conditions are not similar for all countries. For some countries, growth comes from international trade, for some it comes from foreign investments, for some it is from using natural endowments, and for some it can even be nurturing of its agriculture. Bangladesh is in a uniquely advantageous position because its growth can materialize from a combination of factors, rather than over-concentration in one or a couple of aspects.

MAMUN RASHID

HEADLINES are grim. But they mask what is shaping up to be one of the world's most amazing turnarounds -- as the Newsweek article "Bullish on Bangladesh" put it in its June 26, 2006 issue. The early sign of this turnaround is already manifesting itself in Bangladesh, a country of 145 million people.

Amidst political unrest, international competition from removal of protection on garment exports, corruption and infra-structural bottlenecks, the country has registered a 6.7% growth in 2006, with buoyant exports growing at double-digits.

The World Bank and the Asian Development Bank predict that a reduction in corruption and improvement in certain infrastructure, such as the port and the power sector, could easily push up the GDP growth rate to double digits.

With a longer history of market economy than China and India, and solid competitive advantage in labour and natural resources, Newsweek's forecast on Bangladesh does not seem to be an exaggeration.

Bangladesh stands at a unique juncture of change in its history now. There is an on-going effort for transition to good governance, and a strong fight against corruption. Authorities are also taking mea-

sures for addressing the infrastructure related issues.

Most of the known and powerful corrupt politicians and businessmen have been put behind bars. The government is working in tandem with the business community to improve the investment climate, and to address the infrastructure bottlenecks through private-public partnerships.

These initiatives are being widely supported by the people, the international community and the law enforcement agencies. There is a free press, which is very active in revealing any irregularities or public concerns.

We strongly believe that the systemic improvements that are

taking place in the country will be long lasting and irreversible, and the days of respectable and people participated democracy are not far off.

The sheer size of its population, and the respectable GDP growth rate, will be the sources of economic development for Bangladesh in the long term. As the venerable Goldman Sachs Economic Research puts it, there are more BRICs (Brazil, Russia, India and China) stories out there, and Bangladesh has been identified as one of the Next-11 countries with BRIC-like potential.

Goldman Sachs forecasts that Bangladesh will turn into the 22nd largest economy in the world by 2025, with a GDP of \$ 208 billion. This forecast was based on roughly 5% growth. However, we believe that the Bangladeshi economy is going to achieve a much faster growth through its persistent reform programs.

In the table below, we will see how Bangladesh stands in the Next-11 group of countries:

Bangladesh stands on a good platform for economic development, relative to other Next-11 countries. Bangladesh's very respectable GDP growth rate of 6.7% is only behind that of Vietnam's. Deciding how closely Bangladesh might be a candidate for being a major economy highlights the importance of getting growth conditions right.

There is no doubt that Bangladesh is currently performing well, and the near-term outlook looks quite favourable. The big question is whether it can keep

growing over a longer period i.e. till 2025, or even 2050 for that matter. The determinants of growth conditions for Bangladesh and other similar economies can be divided into five basic areas:

- Macro-economic stability -- Inflation; government deficit; external debt
- Macro-economic conditions -- Investment rates; openness of the economy
- Technological capabilities -- Penetration of PCs; phones; internet
- Human capital -- Education; life expectancy

• Political conditions -- Political stability; rule of law; corruption

Bangladesh has done fairly well in terms of macro-economic stability so far. Inflation has remained single digit despite multiple international shocks, and the level of external debt is low compared to its peer countries.

However, Bangladesh needs to improve on the government deficit, which is roughly 4% of GDP now, and this is on the higher side when compared with the other Next-11 countries.

For macro-economic conditions, related parameters such as foreign direct investments, openness of the economy as denoted by the level of exports and imports etc., Bangladesh is yet to catch up with the other countries. South Korea, Mexico, Turkey, Indonesia and Vietnam have done very well in attracting FDI as well as opening up their economies.

Vietnam's export is in the range of \$ 40 billions, which is nearly four

times that of Bangladesh. However, because of Bangladesh's comparative advantage in labour cost, and the relatively better level of education, it should be able to catch up with appropriate and proactive policies.

We have learned from our neighbouring country, India, how technological capabilities can take a country towards global leadership. South Korea is another example of a technology-led development story. In Bangladesh, penetration of PCs, phones and internet is still at a rudimentary stage.

However, the spread of cell phones has been phenomenal in this country. They connect the remotest parts of the country with the rest. Acceptance of cell phone technology by the large population of the country is definitely a very encouraging trend for the economy.

Bangladesh has made remarkable progress in developing human capital. Rate of literacy has gone up substantially over the years, thanks to the relentless efforts of all the governments and international development partners. On the other hand, life expectancy is at par with most of its peer countries. In development of human capital, Bangladesh will remain an example to be followed for other developing countries.

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climate that encourages both domestic and foreign investors.

It is not hard to achieve the above-mentioned balanced growth if there is political stability, rule of law and eradication of corruption. With the current initiatives in this direction, growth does not look too far for our beloved Bangladesh. Good luck to balanced economic growth in Bangladesh, good luck to its democracy and its extremely resilient people.

The writer is a banker.

IN FRONT OF THE Box Take a bow, Bangladesh

PAUL MASON

HAVING spent so much of my life travelling I often have to watch sport by replay, as has been the case during the group stage of this World Cup. It seems my local provider thinks little of the match-ups so far -- certainly not enough to provide much live coverage.

But I was appalled to see that I would have to wait to watch the Tigers take on India many hours after the fact. That undeserved "minnow" label coming into play again.

It goes without saying that if you are forced to watch replays -- you have to do so without knowing the score. So I plugged my ears for what seemed like an age until I was finally able to settle into the sofa and wait for the toss. I had been banking on something of a coker. And did the lads deliver!

In my last piece I spoke of the early morning conditions and the chance of some movement early on. So, I was a little surprised that David chose to have a bat. Post match he admitted to being a little "surprised" by the pitch. But to put India's loss down to a poor decision is to belittle what actually took place. We witnessed the glory of youth, unfazed by the occasion, playing their natural game to the best of their ability. And most promising of all, this was a real team effort.



Mashrafe was inspired, and his spells at the start and death were impeccable. He led the attack and fully deserved his man of the match award. Razzak's dismissal of Tendulkar was a classic -- brought about by an astute change in pace. His dance following each wicket, arms pumping, will give Monty Panesar a run for his money, and is set to be the celebration of the tournament.

The Tigers looked equally sharp in the field, pouncing on everything they could, and diving repeatedly at the boundary rope in an effort to keep the ball in. 20-30 runs were saved in the field by my count. This is a team high on confidence.

As tight as Bangladesh were with the ball and in the field, India were sloppy: dropping catches and bowling too much loose stuff. But

again, credit lies with Bangladesh's batsmen: they gave the bad balls the treatment they deserved with a real sense of relish.

Tamim was the pick for me -- his 53-ball half century with nine boundaries came as a slap in the face to the Indians, you could see heads slumping from the onslaught. That Saqib and Mushfiqur also reached their 50s is encouraging for future games. Average age of the three: 18, total matches played: 35. Cracking stuff.

I will mention the two unnecessary stumpings late in the innings -- given the required run rate, but that is not picking, really. (Bashar you should know better.)

Overall it was a great spectacle, and I curse my satellite provider. The command the Tigers displayed made this victory less of an upset, and more a win by a team who were in total control from start to finish. It was a triumph of youthful exuberance over bewildered campaigners. The second round is now well within grasp.

Prior to the game, a grieving Bangladesh said they would try to honour fallen cricketers Manjur Islam and Sajjadul Hasan with their deeds in the field. With this win, the Tigers have been true to their word and have given their friends a fitting epitaph. Take a bow.

But each of these has proven to be a problem later on.

Dilemmas of drama, trappings of transparency

JALAL ALAMGIR

So far, two things have driven public support for the caretaker government's "war" on corruption, and its penchant for quick, dramatic decision-making.

Now, I have serious issues with the "war" metaphor that our top brass loves to invoke. But let me hold my tongue on that for another day. For now, it's safe to say that the anti-corruption drive has been a success. It has exposed the garrulous extent to which BNP leaders looted the country. It has put away some of them behind bars. It has recovered some stolen stuff, and promises much more in future.

While some battles have been won, the war itself, the bigger enterprise, is in peril. This enterprise is to restore trust and fairness in public democratic institutions. And the real danger to that is not from anti-government conspiracies; it's in the government's fondness for making quick decisions behind closed doors.

Sure, many of these decisions have been exciting and entertaining: midnight arrests of politicians;

the decree to submit wealth statements in 72 hours; the freezing of bank accounts; the demolition of billboards and slums; and the threats of tough, decisive action against hoarding.

Indeed, one may be forgiven to think that despite all the drama, the backdrop for economic and political risk has not changed yet.

For honest businesses, earlier there was *chadabaji* (extortion),

now risk of arbitrary seizure by new laws.

For honest political citizens (yes, they exist), earlier there was unilateral decision-making by party leaders;

now there is unilateral decision-making by a highly centralized caretaker authority.

The Anti-Corruption Commission had to extend the 72-hour deadline, which the ACC secretary had initially vowed was not negotiable.

The High Court has begun to order the government to not freeze accounts of certain individuals. It has already declared half of the high-profile detainees to be without legal basis. Expect more such verdicts.

The government was forced to withdraw its demolition drive after slum-dwellers began to resist and even fight back the black-clad police and the bulldozers.

Most recently, the government had to retract its tough stance against hoarding and fuzzy business practices, after it realized that prices have been climbing too high and too fast. Although the CTG would like to think that pro-BNP businesses are trying to punish it, the more likely cause is that supply has simply decreased because few entrepreneurs are willing to take risks.

A similar situation loms in our political arena. Just like it is not possible to spur investment without ensuring predictability in the business environment, it is also not possible to spur democratic politics without ensuring the fundamental rights that forms the basis of a liberal political environment.

Decisions that affect the basic rights of every citizen have been made in an extremely non-transparent way, and enforced by an authority that is unaccountable to the public. Not only that, the CTG has

been increasingly closing off a citizen's recourse to the judiciary against arbitrary action by the state.

The most controversial provisions of the SPA (Special Powers Act) have been revived, giving the police the authority to not just detain but conduct summary trials outside regular legal confines. The ACC had earlier restricted citizens' options to appeal its decisions in a higher court. Now it wants the power to arrest without warrant anyone it suspects and then deny bail, bypassing the courts system. The newly created National Security Council will likely be given sweeping powers to also detain and prosecute people, again bypassing the judiciary.

These decisions, and the way they are being made, may earn the CTG convenient shortcuts in the near term, but they are damaging the prospects of establishing a political environment that is transparent, accountable, accessible, and committed to protecting citizens from the abuse of power. Losing that "war" is a risk not worth taking just for the sake of shortcuts.

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Uganda: Beyond Lake Victoria

SAAD S KHAN

ON the northern and eastern fringes of world's second largest fresh water resource, Lake Victoria, sprawls the poor Uganda. Whenever this country's name reaches the newspapers headlines in the world outside, it is usually for one bad reason or the other.

First, it was the brutal reign of Idi Amin, the self-proclaimed field marshal, who died with his contemporary Pol Pot, head of the Khmer Rouge regime in Cambodia, in killing his own citizens. The box office, like the latest Hollywood hit "The last king of Scotland," can never do justice to the horrors that Amin perpetrated in real life, in the decade of the seventies.

Idi Amin, the tyrant, belonged to the minority Muslim community of Uganda, but after his ascension he turned to the Muslim world to seek support in order to compensate for his weak political base at home.

His identification of his Christian majority country with the Muslim states, through admitting Uganda to the Organization of Islamic Conference (OIC), did not help him find a refuge when he was overthrown in 1979 by forces loyal to Milton Obote, the president he had earlier displaced and later was replaced by.

Sudan, Egypt and Saudi Arabia had all offered him, and his believed-to-be 44 or so wives and

numerous kids, political asylum. From 1979, when Tanzanian forces backed the rebels to overthrow him, to his death in 2003, Amin and his family enjoyed lavish hospitality at different times from Khartoum, Cairo and Jeddah.

The international criminal justice system against former heads of state is a fairly recent development, of the past five years or so. Amin evaded justice for crimes against humanity, but the turmoil which he left behind in his country is yet to be cleared.

Interestingly, however, Uganda never left the OIC, and remains an active member even today, more than three decades after the tyrant was deposed. For one, the Ugandans want to retain their leverage in face of multiple rivalries with Sudan, which is an OIC member.

Secondly, Uganda does not want to lose the occasional help that the richer Muslim states occasionally give to their disadvantaged peers of the OIC. Thirdly, Uganda is in a region where several other countries, and territories like Mozambique, Somalia, Sudan and Zanzibar, are or have been members of the OIC.

Lastly, on the eastern flanks of Africa, the general tolerance level between the Muslims and Christians is much more harmonious than in the west of the continent, like in Nigeria for instance. This

does not mean, however, that there are no traces of religious extremism in East Africa.

Going back to Idi Amin's Uganda, one reaction by some hardline Christian sects against his Muslim rule had been hardcore Christian fundamentalism. One particularly dangerous fallout, nay manifestation, of this extremist trend is the much-dreaded Lord's Resistance Army (LRA) in northern Uganda, which emerged many years after the fall of Idi Amin.

Led by a shadowy figure, Joseph Kony, the LRA is notorious for kidnapping children for its conscript army and then forcing them to commit atrocities against civilian population. LRA ostensibly wants Uganda to be ruled in accordance with the Biblical Ten Commandments. They are ready to do what it takes for the purpose, including maiming, raping and sodomizing fellow Christians of the northern villages.

It is not unlike Idi Amin, whose ire was sometimes directed against fellow Muslims. Like when he whimsically and suddenly expelled the Ugandan business community of South Asian and Indian descent, almost all of them Muslims citizens of Uganda for three generations; religion was no bar to Amin's ruthlessness.

Coming back to LRA's twenty years war, it has already killed 80,000 people and carried out 20,000 kidnappings. Add to the tally another 1.6 million people displaced

and 30,000 women raped. Almost all of the victims were Christian, and all too in the name of Jesus. What a shame!

It is rape that is a major contributory factor to Uganda's becoming one of the largest HIV positive countries in the region.

The truce agreement of last year, a respite for the war weary nation, expired last Wednesday. The sides failed to agree on an indefinite extension. The main sticking point is the international arrest warrants, issued by the International Criminal Court in 2005, against Kony and five other accomplices for war crimes and crimes against humanity.

Kony, of course, denies cutting people's ears and noses off, torturing people with hot iron bars, letting loose his soldiers to sodomize young boys and rape girls in front of their near and dear ones. He can probably shoot his biblical ideas into the brains of innocent compatriots, but cannot shoot his way out of the clutches of the international justice system.

His problem is that the ICC is not the name of a poor villager, and that an international institution does not succumb to blackmail. The ICC wants him to prove his innocence in the court of law, after unconditionally surrendering himself to the authorities.

Yoweri Museveni, the incumbent ruler of Uganda, meanwhile, has more in his international agenda bag than for his own country. He is leading a drive to form an East African Community (EAC) with his

own country and Tanzania and Kenya, which will have a common flag, common passport and common currency.

He also remains busy in helping secession in Southern Sudan, sending troops to unseat Kabilia in neighbouring Congo, and fiddling in the complicated and bloody politics of Rwanda.

In his country, his interests are restricted to manipulating referendums, getting "popular endorsements" for his "no-party state" in 2000 and somersaulting to "multi-party democracy" mandate in 2005, lifting constitutional bars on himself to contest elections as many times as he fancies, and getting his wife "elected" to public offices.

He would do well to concentrate his energies on the HIV aids problem, extreme poverty, pollution and drying up of Lake Victoria (on which the livelihood of 30 million people in the three neighbouring countries directly depends), and on putting his foot down for not letting the LRA criminals go scot-free.

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