

It's all a matter of the economy

Apurba Roy takes a hard look at some realities

THE objective of the book is to examine various facets of FDI inflows in the developing economies, China, India and the Caribbean in specific. The rationale behind taking up two large economies like India and China for the study is the strategic shift of both countries development from inward to outward orientation, whereas comparatively smaller economy like the Caribbean has been taken up to show how they require to take up FDI as an alternative source of capital and investment after the withdrawal of concession from countries like US, Canada and EU and their response to this global challenge.

The authors have made FDI differentiated under four forms of foreign capital inflows, viz., Portfolio investment, where the investors do not intend to hold long-term relationship or commitment with any enterprise and it has been kept out of scope of current context of the book. So are the alternatives of FDI like Trade Licensing, etc. Thus the study made in the book under review is contained with all facts, concepts and figures associated only with FDI as single form of foreign capital inflows.

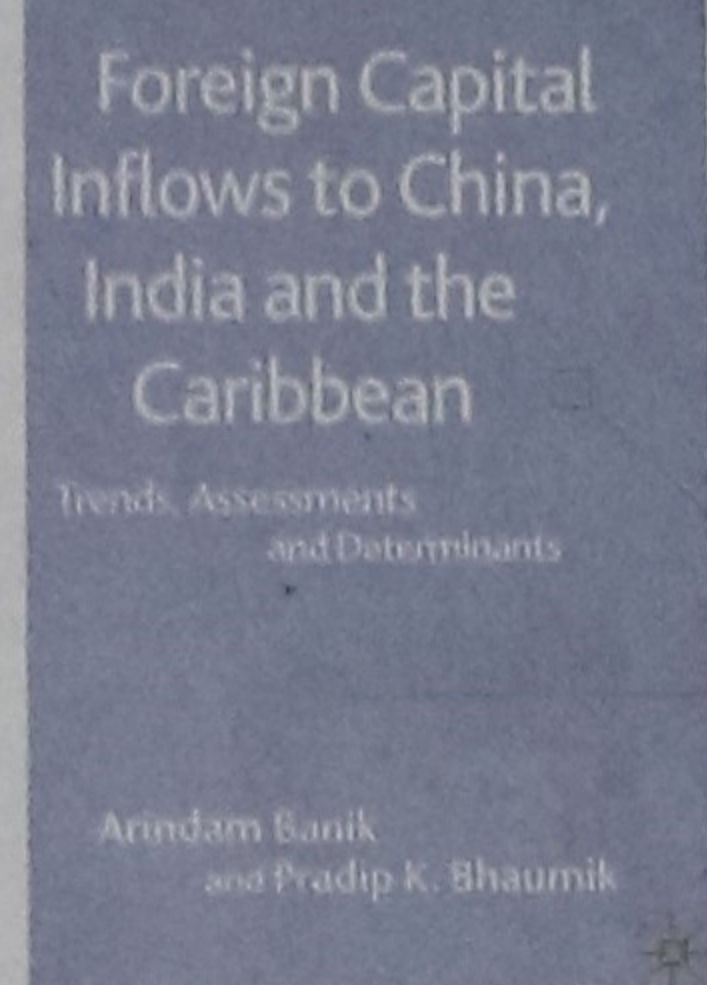
The rationale of FDI has been given with market failure type of arguments, focusing on industry structure and transaction costs. FDI provides the means to internalise two broader specific advantages of an MNCFA (Firm Specific Advantage) at micro level with transaction of intangible assets like knowledge, technology, managerial and marketing skills and CSA (Country or Location Specific Advantage) as macro-level economic variables with direct growth rate in terms of domestic saving, physical capital per worker economic, living standard, etc. FDI does have significant indirect long term effects on industries from transfer or diffusion of managerial and technological know-how to spill-over effects through linkages to supplier industries. The scope of FDI is ideally dependent on certain determinants like lagged GNP, change in GNP, lagged domestic investment rate and depreciation in domestic exchange rate. And

the trade and industrial policy of a host country is considered to be the most critical exogenous variable in this regard. FDI inflows could have different objective in different countries, viz., resource-seeking, market seeking or efficiency seeking. Of course the locational determinants in interaction with ownership-specific and internalization advantages in broader context of corporate strategy, the degree of openness, size of economy (small or big) are important contributory factors here.

In their informative book, the authors have given the global trend and assessment of FDI and compared with the regional trend in the developing countries. Furthermore, the sectoral distribution of FDI is also dealt with facts and figure for the period 1992 - 2003 for both developed and developing countries. From the statistics, it is revealed that Latin America and the Caribbean region accounted for much of the fall in FDI flows to the developing world. Historically FDI in the Caribbean directed by MNCs, has been playing an increasing contributory role in its economic development. The surge in flows to South Asia was led mostly by a significant rise in FDI to India, mainly contributed by business decision to outsource services with its low-cost, English Speaking and IT-component labour force resources. Central Asia (Azerbaijan, Georgia, Kyrgyzstan, etc.) is also a destination of FDI. Interestingly, Asian firms of Malaysia, Korea, Taiwan and Singapore are also investing within this region because of shifting production from higher to lower cost locations. Similarly the authors have shown others facts and figure regarding African economies, Central and East European economies in their book. As regards sectoral distribution of global FDI, the FDI inflows are directed not only to manufacturing and service sectors, but also to the primary sector, comprising of two sub-sectors involves mining, quarrying and petroleum and the other involves agriculture, hunting, forestry and fishing. The authors have mentioned the basic distinction of service sector with the other two manufacturing and

primary sector whose output is tradable. The service sector is mostly non-tradable and requires close proximity and consumers. In this connection, they have dealt the off-shoring and outsourcing aspects also in this book.

The Caribbean countries have pursued an open door policy to FDI from around 1960, giving tax incentives to foreign investors. Till 1980, most FDI went for import substitution industries, bauxite and petroleum; after 1980 they shifted to service sector. The three specific objectives of CARICOM



Foreign Capital Inflows to China, India and the Caribbean: Trends, Assessments and Determinants
Arindam Banik, Pradip K Bhaumik
Palgrave Macmillan

region countries are: employment generation, FE earning, development of technological and productive base of economy. CARICOM countries have fairly liberal foreign investment policies. But despite the locational advantages, the FDI inflows have been rather disappointing, which is largely explained by strong microeconomic incentive for the skilled labour to migrate large neighbourhood countries like USA, Canada and UK. The authors have given the comparative attractiveness of investment location in the Caribbean countries, along with the changing

structure of the Caribbean economies (with GDP % by sector and FDI-to-GDP ratio). Historically USA is the main external investor in the Caribbean followed by UK and Canada. Sector wise Tourism, Financial Services, manufacturing and informatics are main recipient of FDI in Bahamas, Barbados, Jamaica etc whereas in Trinidad and Tobago and Guyana, the natural resource-based industries followed by infrastructure are of primary importance.

A firm's performance may be explained by three broad categories: The industrial organization literature, the transactional cost literature and the theory of organisation literature. The authors have discussed these categories in detail quoting the renowned persons like Cheng and Wu, Dunning, Kennevan and Pei along with their findings in determining the performance of FIEs (foreign firms) in China (viz., Guangzhou, Zhejiang) etc. In fact the performance is dependent of 'duration of operation', 'consistency with China's comparative advantages', location of FIEs etc. In general the wholly owned foreign ventures are more profitable than alliances.

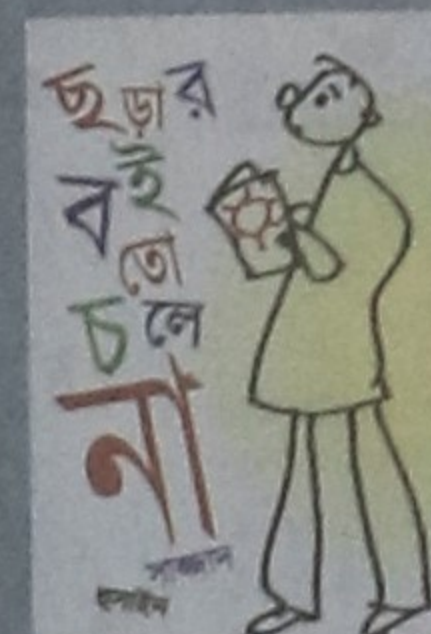
The authors have taken case study approach to study the process of technology Transfer and the resultants spill-over effects whose results sometimes become leapfrogging for low-knowledge countries, making the product competitive in standard life cycle. Before taking up cases, the literature on technology transfer and its links with FDI are reviewed. Six case studies are analysed for one Chinese firm (a Taiwanese OEM firm in China), three India firms (Sundaram Fasteners Limited, Moser Baer Limited and Sona Koyo Steering Systems Limited) and two Caribbean firms (Lenstec Inc-Barbados and Doyle Offshore Sails Limited- Barbados) to portray historical behaviour of technology adopted, absorbed, assimilated as well as developed. First four cases suggest framework for analysing the nature, direction and determinants of latecomer technological learning, whereas the last two cases are Caribbean

specific export driven firms. Cases 1-4 represent technological accumulation through time, beginning with simple activities like manufacture as per parent firm's requirement (supply to OEM) and gradually toward more complex tasks such as process adaptation and eventually R&D a transition from OEM to ODM (own design manufacturing), except Moser Baer case, where the transition was to OBM (own Brand Manufacturing). Thus unlike traditional models of innovation, the cases reveal that the balance between local and foreign sources of technology is closely entwined and is essential feature of fast catch-up growth. Latecomer firm may also transform to leader or follower, depending on the radical changes not only in the way they operate but also in the environment in which they compete. Caribbean Cases 5-6 show that FDI is an important way of accessing foreign resources. Here a careful strategic selection of firms is more important rather than economic priorities.

The book may be a necessary reading for a person intending to understand the broader aspect of FDI in today's globalisation scenario and who wants to know the specific situation in the developing countries like China and India and other emerging countries like the Caribbean who is responding to the global challenge thrown to them in the wake of withdrawal of preferential treatments that were given earlier to them by the developed countries. At management educational level, the case studies incorporated in this concise but explanatory type book might also be recommended for class room interactive sessions where the concerned lecturer can act as instructor or moderator to give his/her students the feel of importance of technology spill-over effects in market economy with the examples of the above mentioned countries.

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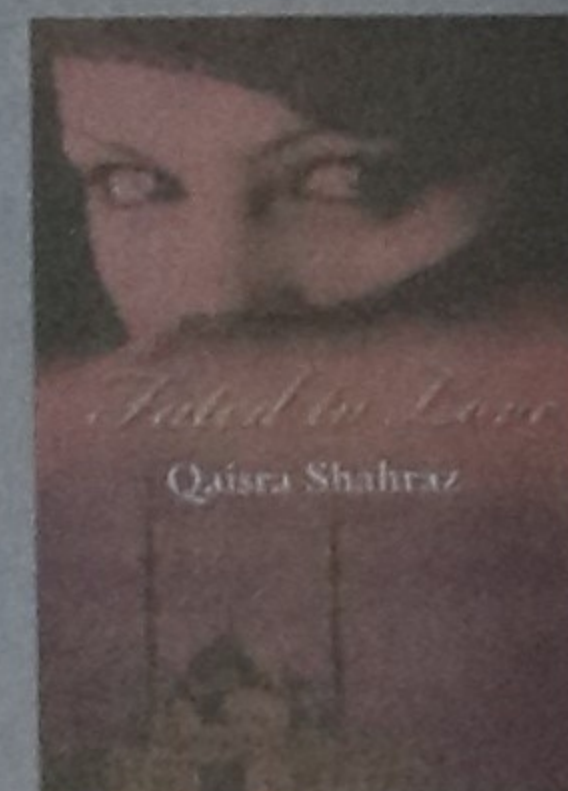
AT A GLANCE



Chhorhar Boi To Chole Na
Sajjad Husayn
Oitijho

The title says it all. Or so you think. The fact is that there are some real poems, or genuinely good rhymes, here. Children will love them; and with them you will too. There is a certain hilarity you cannot miss, for it deals with myriad topics under the sun. Take it in hand on a holiday, lie in bed and roll over in laughter.

Fated To Love
Qaisra Shahraz
Penguin Books



An unputdownable work, in an entirely Pakistani setting. Those who are familiar with Sind and with Punjab, with the class system that dominates life in that part of the world, will go through a sense of déjà vu. For others, it will be a new, interesting discovery. Qaisra Shahraz promises to keep you glued to the tale.



Kuala Lumpur-er Pothe Pothe
Sharif Uddin Ahmed
Academic Press and Publishers Library

An unusual kind of book from one whose preoccupation has been history and the various phases of its discovery. Ahmed's work is a beautiful travelogue, unlike some of the banalities you have come across so far. Humour, seriousness of purpose and a sense of tradition are all brought into play here.

Shakhatkar
Suzan Haque
Academic Press
and Publishers
Library

Suzan Haque goes around meeting some of the more prominent personalities in our cultural and social



Opening the eye to life's truths

Tulip Chowdhury is charmed by yet another work of fiction

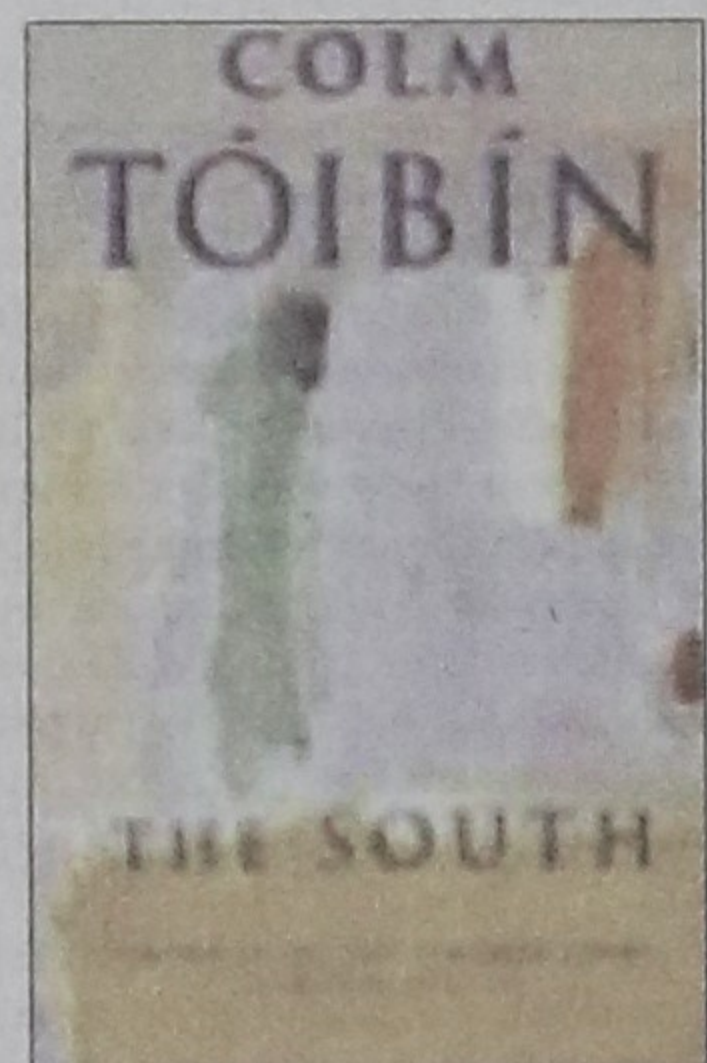
THE message of Colm Toibin in his novel, *The South*, can be translated as "Follow your heart and see where it leads you." It takes courage to break away from the familiar surroundings of one's family and home and go to a new place. Kathrine Proctor, an artist found her heart growing restless, she wanted to escape the everyday routine life of her home. The bondage of home, her husband and even the child was choking her. Suddenly she wanted to be free. An unknown adventure, an uncertain future seems to be beckoning her. Leaving her home in Dublin, leaving her husband Tom and her ten year old son Richard for an unknown destination was like a wild goose chase. And yet her heart called out to the wild wishes. She felt as if an inner force was driving her to the far, wide world. And she made no secret about it. She told Tom that she was leaving him, going where; she herself did not know.

On a foggy morning, Kathrine found herself in Barcelona, Spain. The only person who knew of her whereabouts was her mother. In fact her mother had advised her to go to Barcelona. Her mother also

had told her to take the break she wanted to even if it meant leaving her husband and son. The mother understood her daughter's inner turmoil. Kathrine allowed her passion to rule her, not reasons and started her new life in the Spanish city.

The book, *The South*, is in fact a work that holds a unique story of the freedom of the soul. It is a story of how passion can rule our life at times and we may fail to see reasons. But in that submission to the passion the person is not unhappy, the person is contented for the soul is at peace. Kathrine too is content as she starts getting to know her neighbors and the artists in Barcelona. Her landlady Rosa is kind and she is peacefully settled down in her little room overlooking the harbor. It was as if fate had destined her to meet Miguel, a Spanish artist. They meet at a market place and soon are inseparable. There is a feeling as if some divine plans were set for them to meet so far away from Kathrine's former home. Miguel seems to be the soulmate fate had hidden so far.

In Barcelona life is still haunted by the dictatorship of Franco. Kathrine's life is entan-



The South
Colm Toibin
Picador Books

gled with Miguel, his art and his fight against the anarchists in the civil war. They move to a nearby village. Kathrine works on her art and yet a part of her heart is with Miguel and the dangers he faces. Soon Miguel is arrested and tortured along with another comrade. In the meantime Kathrine

and Miguel have a daughter Isona. Kathrine brings up the child with her own beliefs of giving individual freedom.

When Miguel comes back from the police custody he is not himself anymore and love sours in Kathrine's life. On a dark winter day Kathrine's life is shaken as tragedy strikes the two persons who have illuminated her life in Spain. On an ill fated morning Miguel and Isona are taken away from Kathrine's life. She is baffled with the cruelty of life. When she wanted to be alone she found Miguel and when she was happy with Miguel and Isona she was forced to be alone! Life is perplexing indeed!

There is Michael Graves, an Irish artist who tries to stand beside Kathrine in her hard times. Kathrine is not ready to go into another relation just yet. She decides to go back to her home in Ireland.

Richard is now a grown man with a wife and a lively daughter. Tom is dead. Life seems to come back at full circle as Kathrine starts painting once again and settles down at her old home. She starts rediscovering the south again. But Michael Graves shows

up and once again Kathrine is puzzled by life and its twisted games. She was at home and her old self wanted things like the old days. But there was Michael now throwing her into dilemma of the heart. It was as if while reading a collection of short stories she had mixed up the stories and she did not know which one to read at the moment.

The story in *The South* is the debut novel of the writer. The story is a moving work of how hard changes in life can be. The protagonist of the story, Kathrine shows a determined character by following her heart. And yet the writer also portrays the truth that there are times when we have no control over our fate and things just happen as they are meant to be. It is a story that can be soul searching and opens the way to self discovery. The setting of the story in the beautiful city of Barcelona enhances the reader's imagination. The climax of the story involving Kathrine's search for inner peace of her heart is an eye opener to life's truths. A worthy read for keen readers of fiction!

Tulip Chowdhury is a poet and writes fiction.

When men try understanding women

Efadul Huq observes some complex female psychology

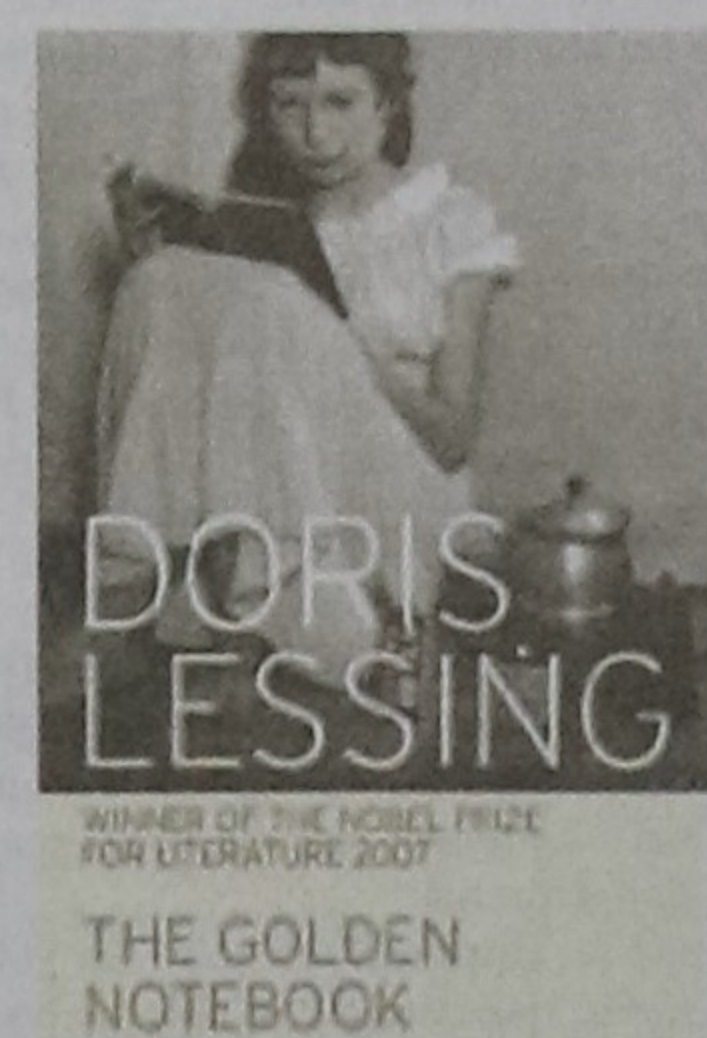
IMAGINE a man attempting to understand a woman. He would fret over the complexities of female psychology, scratch his head in frustration and waste uncountable pages and pens. There would be several rewritings, broken threads of reason, sparks of emotion and passages of to-and-fro analytical narrative. And in the end after implementing much intelligence our diligent writer would come up with something very similar to 'The Golden Notebook'.

Yes, dear readers, that is clearly what Nobel Laureate Doris Lessing does in her book 'The Golden Notebook'. Lessing, keenly and creatively, dissects Anna Wulf, a middle-aged writer who lives with her young daughter and is often visited by her friend Molly. Despite the fact that Anna's first novel about Africa was a success, she lives a writing career of dissatisfaction. She is just not happy with her writing. To add to it, abandoned by her lover, Anna now faces a writer's block. In the wake of her inability to write and on the verge of a ner-

vous breakdown, she decides to maintain four coloured diaries to salvage her confused identity.

Page by page, she records her sexual experiences, emotional upheavals, political disillusionment, reactions to her society and the confusion of being a 'free woman'. The black notebook relates Anna's early years in Africa on which her debut novel was based. The red notebook documents her political views, especially that of communism in a post-war Britain. The yellow notebook shelters a fictionalized version of Anna's personal experiences which is basically the raw material for her next novel. Finally there's a blue notebook which is Anna's true personal diary where she mentions Saul Green, an American ex-communist and self-confused personality, who was her lover.

Having fragmented herself unintentionally by writing the four diaries, Anna then faces a greater risk. She is no more just one person but is a disjointed combination of four different wholes. She grows fearful of losing



The Golden Notebook
Doris Lessing
Harper Perennial
Reviewed by Efadul Huq, Dept. of Architecture, BRAC University

her personality altogether and tries to restore order in her life by bringing together all four notebooks in a final notebook called

the golden notebook.

Initially looking at herself from four different angles and then unifying those viewpoints, Anna's journey takes her to her true self, to the ultimate whole of a 'free woman'.

Structurally *The Golden Notebook* is significantly complex. One must sit down with a pencil and scribble on the sides of pages to grasp the book quickly. Otherwise it will take several readings before one can comprehend the larger picture of the novel. On the other hand in terms of psychoanalysis this novel could be a landmark. Every word, every glance, every gesture exchanged between a man and a woman is depicted with great insight. Lessing vividly portrays the transformation of a man-woman relationship from moment to moment.

As for Anna calling herself a 'free woman', nothing could be more ironical. Anna's newly declared 'freedom', instead of being a source of happiness, brings her misery. With a 'freedom' to love as many men as she

wants, she feels the pangs of desolation more than ever. Having 'freed' herself from communism, Anna is now terrorized by the news of threats to humanity in the daily newspapers. For Anna life as a 'free woman' is more of a pain than bliss. Who knows, maybe Lessing intends to show that regardless of a woman's desire for freedom, she ends up feeling lonely and miserable when she achieves it.

With complex but rounded characters, in-depth psychological portraits, fragmented structure, sometimes conversational and sometimes stream of consciousness mode of writing, *The Golden Notebook* is a difficult but rewarding book. In order to reap its benefit, a reader must be patient and must invest time because this novel must be read and discussed with other readers. This novel must be written about and debated over. Eventually *The Golden Notebook* must be read again, to start a fresh discussion, a new interpretation.

Efadul Huq is at BRAC University and a regular book critic.

Through the eyes of a grandmother

Anisur Rahman comes in touch with old feelings

IT'S all in the eyes of Maria Modig, eminent Swedish writer, who on a life-affirming observation, has had a look over the insights and outward feelings of a child's sound growth in her book 'Att vara med barnbarn' (To Be With Grand Children).

The eyes, I would rather like to say, are the windows to the soul; but when Maria Modig looks into a child's eyes as well as psyche, she sees much more. These are everything in the world of a child that is of its own. It connects its day-to-day life, its leisure, its pleasures, its pains, its philosophy, its travels, its feelings, its observations, its humours and what not.

Maria Modig has gained her three-phase experiences over the mindset of a child, since to be a grandmother is the chance for one to be experienced with the third generation outlook in one's life. A grandparent is one who has insights of being a child of three generations as it connects his/her own childhood, childhood of his/her own child, and, finally, that in his/her own grandchild.

Maria Modig is the lucky one who is now a grandmother. And we the readers are luckier as by this time we could be in touch with her philosophising world with her grandchildren through her book of such critical observation. This is a collection of tips, observations and reflections to be with children and over accompanying them, on the part of parents, grandparents and other relatives as well.

When Maria Modig was simply asked why she had attempted to write such a book, her answer was: "To understand what is to live what life is about. So that is why I write this book as part of life, build reflections to coming generations. In this case, it is for grandchildren and others' grandchildren."

It is enough to be familiar with the philosophy of Maria Modig, who has eight other books on different literary genres to her credit. In her writings she believes that writing is about how to survive and come back to life and love, that is, if you love too. And that is enough, I should say.

Stockholm based publishing company Hjalmarson & Hogberg launched the book at the restaurant Hatam at Kammakargatan at a simple ceremony last week. Writers, journalists and publishers who graced the occasion included Hjalmarson & Hogberg's Lars Hjalmarson, Syrian poet Faraj Bayrakdar, Iran-born Swedish writer Azar Mahlojan, Maria's husband, also a poet, Jonas Modig, journalist Rondag Erlina Magpaung, Turkish journalists Murat Kuseyri, Shivan Nuray Sarikaya, poet Roffe Aggestam

and others. In the 200-page book in Swedish, Maria presented a good many tips, reflections and observations for helping a child's sound growth beyond lands and cultures. It is a necessary book for grandparents, parents and other relatives who are luckily in touch with children. This book can also be an attraction for expecting parents too. It is urgent for new parents, grandparents and other relatives in the present generation and future generations to settle some basic questions to ensure



Att Vara Med Barnbarn
Maria Modig
Hjalmarson & Hogberg, Sweden

happiest times all around a child.

The book deals with the minds of children, dreams all around them and the future vis-a-vis a happy ending for everyone. Child philosophy as well as child psychology is a high-concept, it could go anywhere idea taken down an interesting route. Consequently it is interesting and life-inspiring. Maria Modig could do it successfully as she herself nurses a childlike mindset in her always and I find it seldom in the people all around us, either in my land Bangladesh or Sweden or elsewhere in the world.

It is to be expected that the reading public will have the chance to go through the book in their respective mother languages; its translation in different languages is necessary to attain the goal set by the talented Maria Modig. The book deserves to be well circulated and promoted accordingly to the readership in the world at large. It is not impossible anyway, is it?

Anisur Rahman, a journalist, writes from Sweden.