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## Surviving the Great Recession

JYOTI RAHMAN

**C**ONSIDER exports first. Between September 2008 and February 2009, exports from Bangladesh fell by an annualised rate of less than 4 per cent -- while this is an unwelcome reversal from about 20 per cent a year growth witnessed in the recent years, it is still a significantly better performance than 70 per cent or so annualised fall in the East Asian region over the same period.

Monthly exports figures are, however, highly volatile and often exhibit strong seasonal patterns. To mitigate against this, the data are often averaged over three months. When the smoother data are used, it appears that Bangladesh's exports have fallen, but by nowhere near

as much as has been the case for our neighbours.

Fish and prawn, leather goods, and other products have driven the fall in export growth. Ready-made garments (RMG), which account for nearly two-thirds of the country's exports, exhibit a much smaller fall than total exports in the months since the recession entered its most virulent phase.

Before the recession hit, there was a lot of discussion about the Bangladeshi RMG sector being relatively less affected because the products are mainly sold in the relatively low-priced end in the rich world, a segment of the market has not done as badly as the rest of the economy -- the so-called Wal-Mart Effect, after the American retailer that specialises in cheap consumer items. Results thus far

may have validated this thesis.

An even more sanguine picture emerges when we consider remittance. Since September 2008, remittances to Bangladesh have grown by 40 per cent -- far ahead of Pakistan and the Philippines, two other countries that depend on remittances.

The tenacity of exports and remittances are reflected in the advance estimates of the national accounts, which show that Bangladesh's GDP is estimated to have grown by 5.9 per cent in 2008-09. While this is slower than 6¼ per cent or so averaged in recent years, this is, indeed, a mild slowdown compared with what is being witnessed around the world.

However, a number of worrying signs are emerging.

In recent months, export orders for knitwear have been falling or are being deferred. Given the lag between orders and shipments, exports may be shrinking by a faster pace in the coming months. Buyers are also negotiating for higher discounts, squeezing profit margins. Meanwhile, there are reports of a sharp slowdown in the outflow of migrant workers, suggesting a future slowdown in remittance flows.

Such dark clouds suggest a further slowdown in GDP growth in 2009-10 -- the question is, by how much?

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## Running the Numbers

AHSAN MANSUR and BAZLUL HAQUE KHONDKER

**T**he current fiscal year is coming to end on June 30, 2009. Government machineries are busy finalising the budget for the next fiscal year. Hence this is an appropriate time to assess the state of the economy of Bangladesh.

During the last several months, the world economy experienced a sharp downturn manifested through a severe contraction in global output and international trade leading to falling commodity prices, stock and money market collapse, and an unprecedented rise in job losses.

The economy of Bangladesh also starting to experience the adverse impacts of the global recession. In this piece, an attempt has been made to assess

the strengths and weaknesses of the macro-economic environment in Bangladesh for the current and the next fiscal year and provide some indicative guidelines for 2009-10 budget.

Rates of economic growth and inflation have been the main focus of a large of number of discussions as well as research papers. Real economic growth is estimated by the Bangladesh Bureau of Statistics (BBS) to be 5.88 percent this fiscal year compared with the target growth rate of 6.5 percent.

Although economic growth will be slower than the objective set in the budget, this outlook is much higher than the growth rates estimated by the World Bank (4.5-5.5 percent under alternative scenarios). Bumper harvests of rice crops, a robust performance of the manufacturing sector, and strong domestic demand,



supported by continued strong inflow of worker remittances, helped sustain domestic economic activity.

The increase in the general price level or inflation has come down to 5 percent. Factors such as falling commodity prices and bumper rice harvests have contributed to the falling rate of inflation. The underlying inflation rate (i.e. non-food inflation), which is closely associated with monetary development however showed a rising trend. A common characteristic of recessions is deflation or a steady decline in the general price level leading to a depressed environment for investment, output and asset creation by the economic agents. Bangladesh did not experience a decline in the general price level and hence avoided a deflationary situation that many regional economies and industrial countries are cur-

rently going through.

Despite the slowdown in economic activity, Bangladesh's performance has been one of the best globally. A review of economic growth, export performance, and strength of the balance of payments validates this claim. The slowdown in Bangladesh GDP growth has been quite modest relative to most other comparator countries. In particular, the output shocks have been quite severe in the fast-growing global economies like China, India, and Vietnam.

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## The Devi of Disinformation

JABIR ISLAM

**T**HIS devi of disinformation is a late blooming flower. Her biography makes her 57 years old at this writing. But surprisingly, there is not a single sighting of this prolific author until 2006, when at the ripe old age of 54 she suddenly burst into various online publications, starting with Asian Tribune, an online daily published by an organisation called the World Institute for Asian Studies or WAIS.

Interestingly, there is absolutely no way to contact WAIS. No postal address, no email address, phone, or fax number. The links on the website for conferences are broken. The website itself, like that of Asian Tribune, are hosted in Sweden, and the domain names are registered

**A lie will go round the world while truth is still putting its shoes on**

via a Canadian company.

So a virtual unknown starts writing for a publication that exists only in the murky realms of cyberspace, without any way to contact the publisher. Then Sunita Paul branched out. We saw her prolific writing appear in Modern Ghana, a website that claims it is a website about Ghana. We saw her handiwork on American Chronicle and its sister site California Chronicle, but it has stopped since April 15, 2009, because of a very simple reason: the persons hiding behind the Sunita Paul name stole the writing of others. When American Chronicle was notified of this, they stopped accepting any further articles from her.

American Chronicle is an interesting

site. Anyone can register and start publishing articles there. Since it is a website in America and has a professional look, some articles by Sunita Paul were deemed good enough to be quoted by some Bangladeshi intellectuals and politicians. There is only one little problem: Ms. Paul does not let a minor inconvenience like fact stand in her way -- she just makes up facts to fit the argument she is making.

To paraphrase another old saying, her writing that is original is not good, and anything that is good is not original [...]

In her biography, Sunita Paul claims: "Her works have appeared in Sunday Ledger, African Times, Global Politician, Jerusalem Post, Women's World, Insight Magazine, Europe Post, The Asian Tribune, Countercurrents, American

Thinker, Intelligence Reporteur, Daily Post, Daily Sun, Times Herald, Daily News, New York Sun, Newsday, New Yorker."

We have contacted most of the magazines and newspapers listed here, specifically the ones that can be uniquely identified, such as The New Yorker, New York Sun, Jerusalem Post, etc. We found that with the exception of a few free-to-anyone sites like Asian Tribune, every single one of these publications reported that they have not published any articles by anyone named Sunita Paul.

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## Nurul Islam: Searching for Truth



FARIHA KARIM

**T**HE walls are scorched black, a thin film of soot covers the burnt out wreckage inside the living room of Nurul Islam's former flat. A thick smell of

burnt plastic hangs in the air. On the corner of the dining room table, a packet of cigarettes stubbornly sits in pristine condition, and books arranged on nearby shelves are in a near perfect state. It's a bright Thursday morning and the light is good. It pours in

through the windows, bringing a strange glow to the otherwise pitch-black former family home.

It's six months on from the fire, which killed Nurul Islam, a freedom fighter, Ganotantri Party president and the president of the Trade Union Kendro (TUC) in Bangladesh. The veteran left wing politician was found gasping for his life minutes after the fire broke out during the early hours of December 3 last year, his only son, Tamohar, killed before he could reach the front door.

Moutushi Islam, Nurul Islam's only daughter, is back in Dhaka on a brief visit from the States where she works. Time is short, but I wanted to meet her and her mother, Ruby Rahman, since elected as an MP, to talk about the horrific events, to talk about how they are able to carry on afterwards, and find out why they suspect Nurul Islam, the country's foremost trade union leader, was the target of a politically motivated killing and not the victim of an 'accident' as ruled in a report.

The first thing that strikes me is that time has healed no wounds for Moutushi. Standing among the charred debris of the fourth floor flat, she still cannot say they are dead. "I refuse to accept this fact," she says, "I can't say that they 'died'. I say 'ora ekhane ar nai' -- they are no longer here."

Her description reminds me of the 'disappeared', in Bangladesh, but also historically in South America. The Argentinian photographer Marcelo Brodsky has spent the last 10 years working on the 'disappearances' of the dictatorship during the 1970s in the country's Dirty War. He describes how

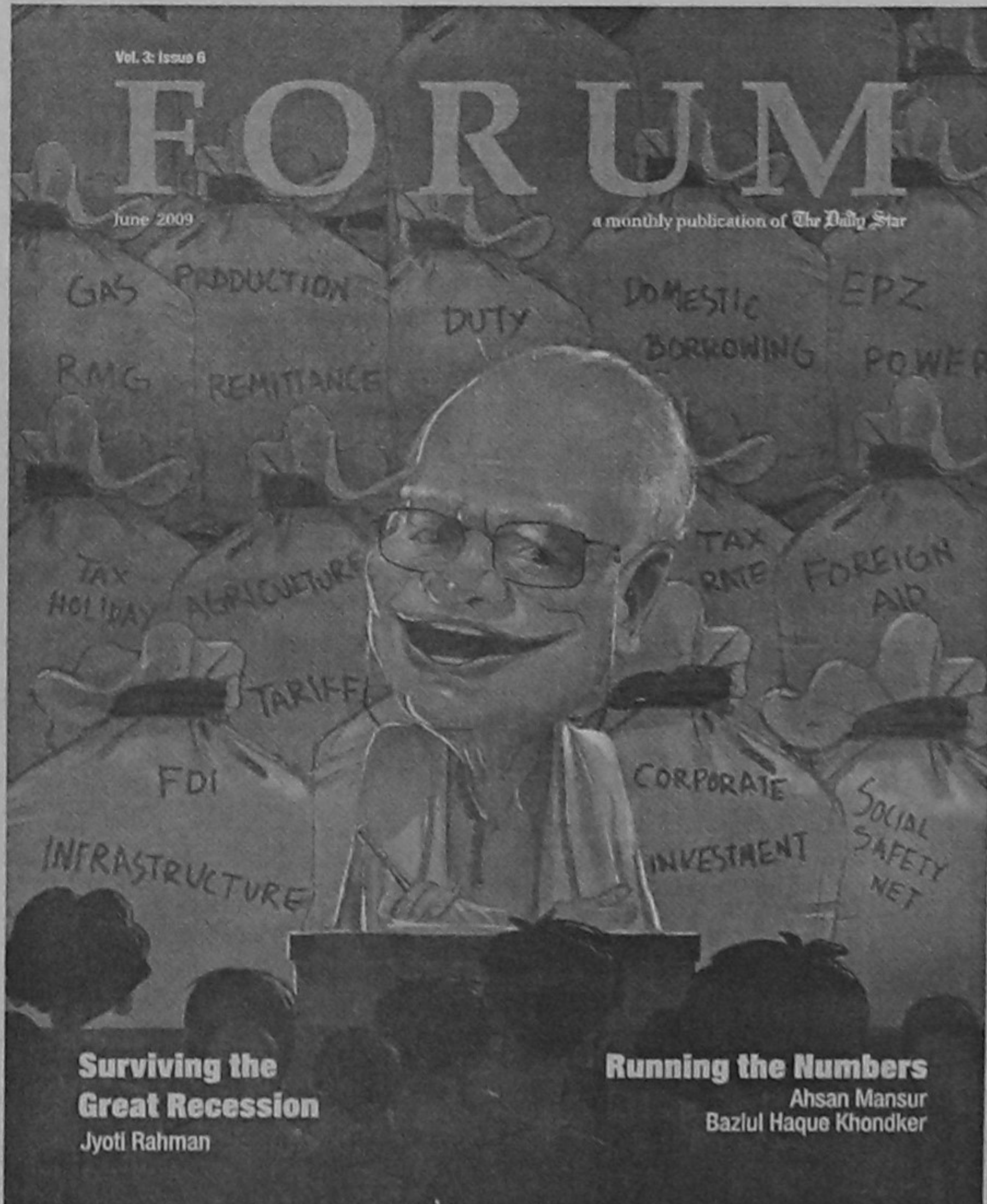
they refer to victims as 'missing' -- always in the present tense, because their situation has never been resolved, they still don't know what happened.

For Moutushi it is a clear-cut case of the kind of political violence that reportedly claimed at least 1,300 lives in Bangladesh between 2001 to 2006 -- the death of a popular political activist in mysterious circumstances in the run up to the election. The following attempt to record the death as 'accident' and subsequent attempts to hush up further investigation, to ensure the initial report is the only verdict, urging people to 'forget' and move on.

The nation was in shock when news of the fire first broke. Suspicions ran wild that Tamohar and Nurul Islam, due to stand on an Awami League ticket in the 14-party alliance, were the victims of sabotage. Using his final few breaths, Nurul Islam told television channels he was being threatened -- since confirmed by party and trade union colleagues -- by people urging him to "come to the path of Allah". In a series of heartbreaking interviews, he used his last available strength to loudly say: "It is a conspiracy to kill me. They have been threatening me for a long time so I can't stand for election. They won't let me live."

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