A gap in the pursuit of connectivity

Thus, there is a disconnect in our pursuit of so-called "connectivity." Some people might express doubts that our negotiations in the Delhi talks were on right track for Bangladesh's interest.

ABDUL HANNAN

BANGLADESH India relations soured and suffered a nose-dive during the previous 4 party coalition government headed by Khaleda Zia. The only visit ever by Prime Minister Khaled Zia to Delhi at the end of her tenure was a flop. An apology for official talks was held in the evening, lasting a little over half an hour, without substantive results for Bangladesh.

Her discomfiture was further aggravated by frontal proxy attacks by opposition leader L.K. Advani, accusing Bangladesh of illegally infiltrating Bangladeshis to India, harbouring North-Eastern insurgents, and supporting fundamentalist forces in the country. The snub was unmistakable.

The cold relation thawed and recovered during the last caretaker government headed by Dr. Fakhruddin Ahmed, when Indian Foreign Minister Pranab Mukherjee visited Bangladesh in the wake of the devastating cyclone Sidr with relief and goods and food. He agreed to sell 5 lakh tons of rice to Bangladesh despite the ban on rice exports, signed a bilateral trade agreement and allowed duty free access to 8 million pieces of ready made garments, lifting a ban on FDI. There was exchange of friendly and cordial visits of Bangladesh and Indian army chiefs, General Mueen and General Deepak Kapoor. The Maitry train service between Kolkata and Dhaka was commissioned.

The ruling Awami League has historic close and friendly ties with India, and there is great expectation that trust and confidence will be restored between the two countries and bilateral relation will improve qualitatively after addressing all outstanding and contentious issues to the mutual benefit of the two countries.

Let us evaluate the outcome of the just concluded visit of Foreign Minister Dipu Moni to New Delhi in the light of the joint statement issued after the official talks between Bangladesh delegation led by Dipu Moni and Indian side led by Indian Foreign Minister Krishna.

The foreign minister, who went to Delhi on a 3-day official visit, was received at the airport by a high official of the Indian external affairs ministry, and not by her counterpart or her deputy counterpart, State Minister Shashi Tharoor. Yet, this was the first official visit of a Bangladesh foreign minister after the Awami League alliance government came to power in January.

It seems that Bangladesh responded positively to India's concerns and interests. The two countries agreed to three agreements on mutual legal assistance on criminal matters, transfer of sentenced persons, and combating international terrorism, organised crime and drug trafficking. It is expected that these agreements will be signed during the forthcoming visit of Prime Minister Hasina to Delhi.

These three agreements have taken care of Indian security concerns often expressed about North East Indian insurgents allegedly taking shelter and safe haven in Bangladesh. We need to see how the agreements on mutual legal assistance on criminal matters and transfer of sentenced persons unfold.

When the two countries reiterated that they would not allow the use of their territories for activities inimical to each others' security interests, it implicitly pointed to unfounded accusations often leveled against Bangladesh by India of harbouring Indian insurgents by offering them training and sanctuary in Bangladesh.

Dhaka's agreement to provide access to Ashuganj as a new port of call to facilitate transportation of heavy equipments from India for a power plant in Tripura is a major concession to India and it is not known if this is a one-time arrangement.

The discussion on the use of Chittagong port by India and the agreement on movement of containerised cargo by rail and water, and the construction of Akhura-Agartala railway line, are other gains for India. Earlier, during the first tenure of the Awami League, Agartala-Kolkata bus service was inaugurated by Indian Prime Minister Vajpayee.

It is interesting to note that India did not raise any request for transit through Bangladesh, probably because the Awami League government's categorical endorsement of building the Asian Highway from Benapole and Banglabandh to Tamabil border, in most likelihood, takes care of this issue in effect.

Let us now discuss what we have received out of the talks. The only one tangible gain is that India has agreed to sell at least 100 mw of electricity. The other gain, if any, is that India has agreed to facilitate Nepal-Bangladesh and Bhutan-Bangladesh "connectivity."

The expression "connectivity" is vague and allows lot of equivocations. Does it mean unhindered transit of goods and passengers round the clock?

JRC meeting on the sharing of common rivers, particularly Teesta, was stalled and stagnated for a number of years. The decision to start joint hydrological survey of the river made some headway in the talks. The decision to comprehensively address all outstanding border issues including lands under adverse possessions, such as Dahagram and Angorpota Tinbigha corridor, has been an open-ended promise for four decades -- and was a disappointment.

The un-demarcated 6.5 km border is a source of constant conflict and tension arising out of clashes of border forces of the two countries and killing of Bangladeshi nationals every other day by BSF. It is an irony that there is no mention of the issue in the talks.


UNB, DHAKA

Who got what?

What is at stake is the implementation of 1974 border demarcation agreement by Indian Prime Minister Indira Ghandhi and her Bangladesh counterpart Sheikh Mujibur Rahman. Under the agreement, Bangladesh has transferred Berubari to India but India is yet to implement the agreement by allowing lease in perpetuity of the Tinbigha corridor to connect with the two enclaves.

The absence of any discussion on Tipaimukh dam and maritime boundary was another disappointment. Dipu Moni's welcoming of the Indian assurance that nothing harmful to Bangladesh will be done by the Tipaimukh Dam is of little comfort. Nor was there any positive response towards allowing duty-free access of Bangladeshi commodities and removal of non-tariff and para-tariff barriers to redress the huge trade imbalance with India.

Thus, there is a disconnect in our pursuit of so-called "connectivity." Some people might express doubts that our negotiations in the Delhi talks were on right track for Bangladesh's interest.

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Initiatives to cope with globalisation

Though the global financial crisis affects the march of globalisation, economists are confident that the world will recover and globalisation will regain its momentum. Globalisation holds opportunities and threats. It offers opportunities for the fittest and threatens the inefficient.

MD. JOYNAL ABDIN

THOUGH the global financial crisis affects the march of globalisation, economists are confident that the world will recover and globalisation will regain its momentum. Globalisation holds opportunities and threats. It offers opportunities for the fittest and threatens the inefficient. It creates new products, provides newer employment opportunities and opens up new markets for the investors. It increases competition and technological development and emphasises innovative research. We must be prepared to avail the opportunities that globalisation offers us.

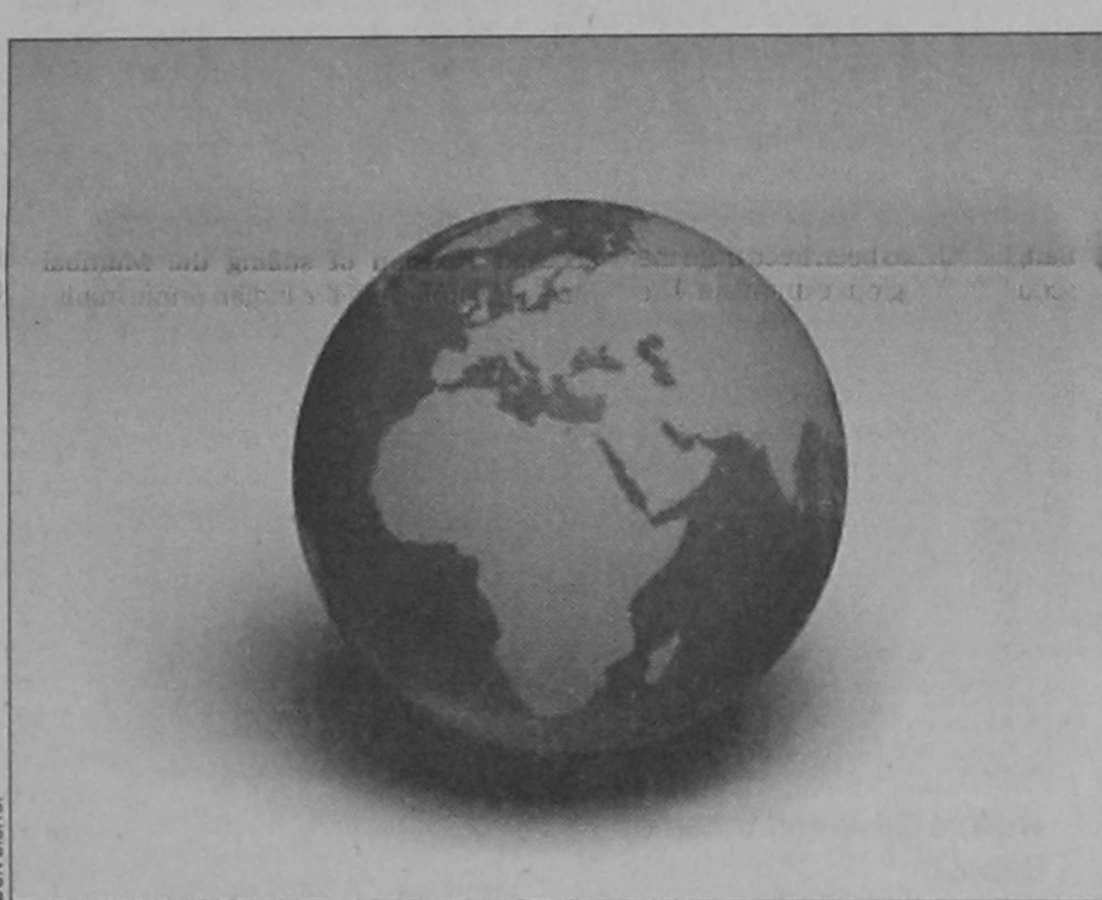
Demand-driven education: We are an overpopulated nation, which may be a boon for us because the demand for skilled labour and professionals is increasing. We may take this opportunity to capitalise on our human resources and export them. Educating our people is the only alternative. The curriculum for such education should be directly related to the job market.

One may agree that skilled professionals will earn more foreign remittance for us than semi or un-skilled labour. For example, India exports law practitioners, doctors and IT professionals to the western world. They are earning much higher salaries than Bangladeshi workers overseas. Thus, by exporting educated people we may increase our earning-person ratio.

Intellectual properties: The eighteenth and nineteenth centuries are remembered for the industrial revolution, while the twentieth century has been the century of scientific innovation and information and communication technology (ICT). The twenty-first century will be the century of Intellectual Property (IP). The World Intellectual Property Organisation (WIPO) is working hard to ensure intellectual property right (IPR) around the world.

World IP Day is observed on April 26 in almost every UN member country. The US government is signing trade and investment framework agreements (TIFA) with countries with a compulsory clause on enforcement of IPR by the governments concerned. It is clear that the scenario will change after 2020, following the enforcement of IPR act globally. The time has come to give attention to increasing our intellectual property (IP) to get benefit after IPR is enforced. There are no alternatives to innovation to get IPR.

Ensuring global presence for our enterprises: The British East India Company is the brightest example of how a country can be branded with the global presence of its enterprises. This example may have some negative aspects but, today, Nestlé, Unilever, Coca Cola, Bata etc., are examples of global brands. They are ensuring positive country image and branding their origin. So, to cope with globalisation, we must ensure global presence of our local enterprises. But we need to revise the laws concerned to facilitate our companies so that they can establish their operation abroad. Thus, branding Bangladesh initiative may become a success.



DON BISHOP

Catching up with the world.

Export diversification: Our diplomatic missions abroad should be more active in promoting our products so that we can have more market access and get more earnings. The government can establish Bangladesh Trade Centres in countries having Bangladesh mission to facilitate the sale and exhibition of our products. The centres will act as permanent exhibition and sales centres for all Bangladeshi products. Thus, we can increase our foreign currency reserve as well as productivity.

Ensuring a strong taka: We always think about our exporters and depreciate local currency frequently. But, today, import of raw materials and machinery is also significant for our long-term economic benefits. So we must take initiatives to make taka stronger against dollar to ensure adequate import of machinery and raw materials. A strong taka will increase our image abroad, which will help brand Bangladesh.

Ensuring global standard technical education: Many countries that have developed rapidly as economic powers have also advanced in science and technology. In Bangladesh, the University Grants Commission (UGC) does not allow foreign universities to operate their branches in Bangladesh.

This policy allows our private universities to run a monopoly business, but they do not have sufficient funding capability and the technical know-how to create an educated generation with practical knowledge. If reputed foreign universities were allowed to open branches to encourage fair competition between our private universities and foreign universities, it could ensure rapid technology transfer in future.

Equity fund for intellectuals: It is possible that people having intellectual power may not have enough money to invest. The government may ensure availability of equity fund (EF) for the intellectual entrepreneurs.

Ensuring utility supply: The government has to ensure regular supply of electricity, gas and water to the factories.

One-stop service: Once getting a passport was a long process, but after the one-stop service was introduced people are happy. The government is also getting more revenue than earlier. At present, it is quite a difficult for a businessman to get the required certificates. For example, trade licence is issued by the City Corporation, export import licensce is issued by the office of the Controller of Export and Import, patent, design and trade mark registrations are done by the Registrars' office of patent design and trade mark registration under the ministry of industry, copyright office is under the ministry of cultural affairs and environment clearance certificate is issues by the ministry of environment, tax identification number (TIN) & value added tax (VAT) are registered by the National Board of Revenue.

For getting all these certificates a businessman has to wait for a long time. In the meantime, he may lose interest or get a better opportunity to invest. Not only that, our bureaucracy places barriers at each stage of the process. But to cope with rapid globalisation, all the certification process should be under a single roof and in an automated mode.

All these offices may be controlled by the different ministries and agencies, but there should be one single building -- a National Business Solution Centre (NBSC) -- where every certification will be available in reasonable time.

Quick implementation of these demands can give a spur to the economy and prepare us to succeed in the race of globalisation. We have to tackle these issues immediately for the betterment of the country and for a better future of our next generation. We must fulfill our commitment to our children, so that they will be able to live with dignity and status.

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Saifur Rahman's legacy

Economic growth picked up only in the early 1990s, when Saifur Rahman again got two important things right. He emphasised macroeconomic stability -- steady growth, low inflation, sustainable external deficits. More importantly, he understood the importance of opening the economy to the external world.

JYOTI RAHMAN

BETWEEN 1972 and 1990, real (that is, inflation adjusted) per capita income in Bangladesh grew by an annual average of 1.1%. Since 1990, per capita income has grown by 3.4% a year. As a result, the proportion of people living below the poverty line -- defined as daily calorie intake of 2122K -- fell from 47.5% in 1992 to 40.4% in 2005. Over the same time, the proportion of undernourished people fell from 36% to 27%. In 1990, 26% of Bangladeshis had access to improved sanitation facilities, and only 4% of households had a television set; the proportions rose to 36% and 48% respectively by 2006.

It is clear that something happened in Bangladesh in the early 1990s, and we are better off for it. It is not an exaggeration to say that Saifur Rahman was at the centre of what happened. When one abstracts from the day-to-day politics of sound bites, 24-hour news cycles, and arguments about specific policies, it becomes clear that Saifur Rahman got some big things right that made the statistics cited above possible.

The most important thing he got right was about the supremacy of the market mechanism in allocating resources. It is difficult to imagine today, but three decades ago few people trusted the market mechanism. This was well over a decade before the Singh-Rao reforms in India. The Washington Consensus of liberalisation, deregulation, and privatisation was still years away from being articulated. China was still recovering from the Cultural Revolution. Western powers at that time happily supported generals, regardless of their economic policies, as long as they locked up dangerous communists.

In the 1970s, the natural option for a cunning populist general would have been to embrace some form of "socialism." And whatever the theoretical merits of socialism, no country in the past six decades has made sustained improvement in living standards relying on socialism as practiced in Bangladesh in the early 1970s. It is our good fortune that Ziaur Rahman listened to a pragmatist accountant's empirically based arguments.

While economic reform started in the early 1980s, it wasn't until another decade that the economy accelerated. This was because in the 1980s, under another general and different finance ministers, reforms were piecemeal and haphazard, monetary and fiscal policies were pursued without any coherent framework, and loans were issued on political calculations, not sound finance, leading to debt defaults.

Economic growth picked up only in the early 1990s, when Saifur Rahman again got two important things right. He emphasised macroeconomic stability -- steady growth, low inflation, sustainable external deficits. More importantly, he understood the importance of opening the economy to the external world. He undertook a comprehensive liberalisation of the economy in the early 1990s.

As a result, exports and imports both rose sharply relative to GDP. Exporters have been competing in the global market, while importers have been exposing the domestic economy to competition from abroad. Increased openness should have improved efficiency at the microeconomic level, which should have translated into faster economic growth at the macroeconomic level.

And that is exactly what happened in Bangladesh. In the 1970s and the 1980s, multi-factor productivity -- the efficiency with which capital and labour were employed in the economy -- stagnated or even diminished over time. This changed in the 1990s, with a turnaround in the MFP growth underscoring the statistics cited in the first paragraph.

Saifur Rahman also understood that in order to invest in human capital, government revenue needed to rise. His solution was to rationalise the tax code, lowering the rate, and broadening the base. The Value Added Tax, introduced in 1991, was a major milestone on this front. However, the task of simplifying the tax code and increasing the tax take remains unfinished, and, 18 years later, Bangladesh continues to have the lowest revenue-to-GDP ratio in the region.

Also unfinished -- indeed, one might say, not even started -- is the task of reducing the bureaucratic burden on private agents, business and consumer alike, that pervades every aspect of life in Bangladesh. It takes eight months to register a property, and nearly four years to enforce a contract in Bangladesh.

Over the past few years, we have heard endlessly about corruption. While the lock-them-up approach to anti-corruption has proved to be a costly failure, it is surprising that no serious effort has been made by any government to cut the red tape.

Did Saifur Rahman not get this? Or did he simply run out of time?

He definitely did not get the importance of rising inflation under his watch. In the middle of this decade, the US dollar depreciated heavily against other floating currencies, including the Indian rupee. Pegged against the dollar, the taka also depreciated against the rupee, setting off a rise in food prices. As the chief macroeconomic manager, Saifur Rahman did not see the link -- arguably his biggest failure.

On balance, Saifur Rahman made a difference for the better. His political counterparts -- late S.A.M.S. Kibria, Dr. M.K. Alamgir, and the current finance minister -- have a broad philosophical consensus on the direction of our development trajectory. In a country beset with polarised politics, this is a great positive.

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