

37th anniversary of Bangladesh-Thailand relations

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MD. JALAL UDDIN

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Great opportunities are opening for Bangladesh and Thailand to further expand cooperation in every area. The 37th anniversary of Bangladesh-Thai diplomatic relations marks a milestone in the long-standing friendship between the two democratic nations.

It is high time for Bangladesh to boost relations with Thailand in order to involve her with Asean, East Asia, China and Japan, into a wider "Asian home" to nurture the economic diplomacy adopted in recent times.

On the other hand, Thailand's emerging economy might help shape our futures.

Bangladesh needs to pay greater attention to creating economic linkages

between South-East Asian nations through the Asian highway and its immediate neighbours -- Myanmar and Thailand. India's "Look East" policy is drawing it closer to South-East Asian countries. Bangladesh should join them actively and immediately.

Thailand's "Look West" policy is bringing that country closer to Bangladesh; the "Look East" policy of Bangladesh is drawing it closer to South-East Asian countries. We need to look at better trade relations with our nearest East Asian countries like Thailand, instead of concentrating on the West. We need to work towards integrating Bangladesh into the Asean economy.

Thailand is an advanced economy, and is recognised globally as a hub of the Asia-Pacific region due to its impressive creation, innovation and development of versatile products. Being strategic partners in the region, Bangladesh and Thailand cooperate with each other both bilaterally and multilaterally.

Bangladesh's export items to Thailand include, among others, finished jute products, knitwear, ceramic ware, light engineering products, leather products,

acrylic yarn, fertiliser, shrimp, shark fin and fish maws, frozen foods, dry fish etc. Imports from Thailand include, among others, vegetable products, fresh fruits, processed food, mineral products, textile articles, oil, paper, iron and steel articles, rubber, plastic products, cement, polymers, woven fabrics, synthetic yarn, refrigerators, sugar, chemical products, machinery, fish etc.

Although the trade volume between Bangladesh and Thailand has increased steadily over the years, the trade balance continues to remain in favour of Thailand. But sustained growth of the Bangladesh economy and foreign investment in sectors like manufacturing, energy, agriculture and communication have created new avenues for Bangladeshi exporters to exploit the competitive Thai market.

The Thai government has given duty concessions to 229 Bangladeshi products, which were granted in two phases. The first phase, which included 128 Bangladeshi products, has been effective since January 16, 2004. The second phase, which included 101 Bangladeshi products, was effective from May 28, 2004. Bangladesh has so far signed six MOUs/Agreements with Thailand to promote bilateral trade between the two countries.

Bangladesh has the potential to become an investment destination for Thai investors, especially in the textile, agro-processing, leather, energy and tourism sectors. Thai investors can reap benefits by utilising the low infrastructure cost, cheap labour and natural gas of Bangladesh.

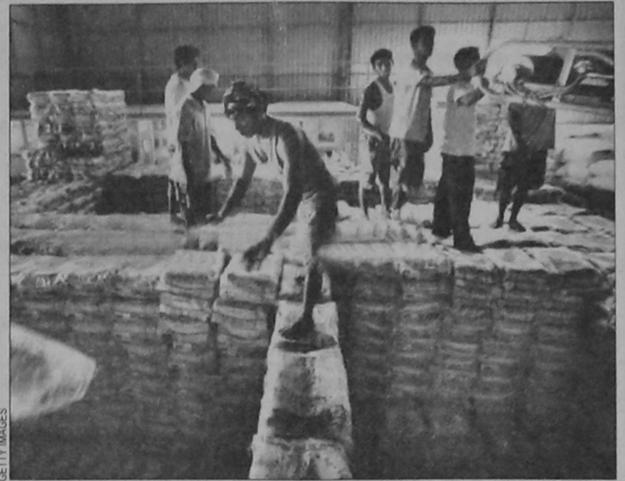
Thai investment in Bangladesh is gradually on the increase. Thailand is benefiting greatly as a large number of Bangladeshis travel to Thailand for various purposes, particularly trade, health, education, tourism etc.

Bangladesh declared Thailand as a partner country at the Dhaka and Chittagong International Trade Fairs. The private sectors of the two countries are also working together to enhance bilateral trade for the benefit of both economies.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) decided to concentrate on 13 sectors, including trade and investment, transport and communication, energy, agriculture, tourism, public health, counter-terrorism, environment and natural disaster and people-to-people contact.

Our cooperation in the years ahead should be widened regionally and bilaterally by establishing land routes to Thailand through Myanmar, exporting manpower, initiating cooperation between Asean and Saarc, attracting foreign investment, pursuing a common active role within the UN system, collaborating in hospital management, building capacity in nurses' training, and promoting tourism.

Collaboration in drug trafficking and counter-terrorism drives, disaster management and post disaster rehabilitation, maritime cooperation, and energy security through energy conservation and use of bio-fuel should get highest priority. Thailand will boost import from Bangladesh and increase investment in



Give and take, development make.

the tourism and health sectors. Bangladesh shall also double its jewelry import from the world's leading jewelry exporter, Thailand.

Both countries will increase cooperation in many potential sectors like agro-processing, food, textiles and footwear, fishery products, rice, rubber, automobiles, computers and electrical appliances. Bangladesh can be member of Asean with active support of Thailand, which will allow economic integration with South-East Asia.

Bangladesh will, therefore, continue to promote partnership with Thailand to

further enhance opportunities, and to work together to address economic and security challenges in the years to come.

Bangladesh's bilateral relations with Thailand are natural and close. We do believe that this strong bond of friendship and mutual cooperation will continue to grow in depth and dimension in the days ahead of this two BIMSTEC nations. Best wishes for the people of both countries on this auspicious day!

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Challenges for China at sixty

The vibrancy of entrepreneurial ambitions combined with the arbitrariness of power in an authoritarian state has sometimes given rise to particularly corrupt or predatory forms of capitalism, unencumbered by the restraints of civil society institutions.

PRANAB BARDHAN

ON the sixtieth anniversary of the People's Republic of China, one is prone to reflect generally on its dramatic recent history, including the historic irony of the development of today's arguably most vigorous capitalism in an avowedly communist country. The contradictions involved here are much more than were dreamt of in Mao's philosophy when he famously speculated on the nature of contradictions, first in a 1937 essay, where he stated: "The law of contradiction in things, that is, the law of the unity of opposites, is the fundamental law of nature and of society."

While the party retains the monopoly of power, the market mechanism is the major allocator of resources in the Chinese economy -- much like it was in Taiwan during the authoritarian days of KMT, an anti-communist party organised on quasi-Leninist lines. While most people agree that the private sector is now the more dynamic part of the Chinese economy and creates most of the jobs, to find out how much of the (non-farm) economy is actually under private ownership is not straightforward: it is not easy to classify Chinese firms by their ownership or to distinguish between private and public or semi-public control rights. Even in China's most famous private companies, Lenovo

and Huawei Technologies, the ownership structure is quite convoluted, as Yasheng Huang indicates in his book *Capitalism with Chinese Characteristics*.

This is, of course, part of the legacy of the development of the Chinese private sector under the shadow of the party-controlled state. As late as 1988, private firms with more than eight employees were not permitted. Many private firms operated below the radar and used various subterfuges and covert deals with local officials, as they adapted themselves to the changing permissible mores. Some of them used to be called "red-hat capitalists," sometimes hiding under the façade of local collectives. Only since the late 90's did they slowly take off their red hats and start coming out of the closet. Many of the smaller and regional State-owned Enterprises (SOE's) were privatised and often their managers became the new owners. Today, probably more than half of the non-farm output (though not of fixed capital investment) is primarily privately owned or controlled. Currently about one-third of the private entrepreneurs are members of the party (including "xiaohai" entrepreneurs who are former officials); membership helps them get state finance, and more protection and legitimacy.

Of course, it is well-known that some of the entrepreneurs are in fact friends or relatives of party officials. (An article in Der



Capitalist China?

Spiegel, February 27, 2007, reported a finding by the State Council of the Academy of Social Sciences and the party's Central University that of the 3320 Chinese citizens with a personal wealth of 100 million yuan or about \$14 million, 2932 were children of high-ranking party officials. Many SOE's are also controlled by powerful political families. Thus, there is a new political-managerial class, which over the last two decades has converted its position of authority into wealth and power. The vibrancy of entrepreneurial ambitions combined with the arbitrariness of power in an authoritarian state has sometimes given rise to particularly corrupt or predatory forms of capitalism, unencumbered by the restraints of civil society institutions. Perhaps nowhere has the predation been as starkly evident as in land seizures both in cities and the countryside. In the real estate boom of recent years, for example, the commercial developers in cahoots with local officials have

bulldozed old city neighbourhoods, residents waking up in the morning to find that their house has been marked for demolition with the Chinese character "chai" -- meaning raze -- painted in white, with hardly any redress or adequate compensation available.

This corruptor/predatory form of capitalism has also some obvious global implications. When foreign companies try to invest in China or Chinese companies try to acquire holdings abroad, the decision-making process can be vitiated by arbitrary political interference, underhand dealings, kickbacks and influence-peddling. Even in matters of foreign aid in Africa, a recent New York Times report points to the opacity in the activities of politically well-connected Chinese foreign-aid contractors.

While the state has relaxed its earlier control over prices and allows markets and profit-making to be the major organising principle of domestic economic life, it is still predominant in the capital goods

sectors and in transportation and finance. Some of the SOE's are now important players in the global market competition. In general, in recruiting professional managers, broadening their investor base, and shedding their traditional social and political obligations, many SOE's do not conform to the usual stereotypes about SOE's.

The state still controls the larger and often more profitable (high-margin, monopolistic) companies in the industrial and service sectors. The state's role in regulating the private sector also goes far beyond the usual functions in other countries. Apart from exerting indirect control rights in private firms, during the current global recession, some SOE's, flush with abundant loans from state banks, have even taken over some of the financially-strapped small and medium-size private enterprises. As a senior Chinese banker commented (quoted in the Financial Times, August 24, 2009), "It's quite hard to compete when you're playing against the referee."

An important question arises in cases where an enterprise is managed on essentially commercial principles, but the state still has control rights over a large share of the assets: is this a capitalist enterprise? Some may describe it as capitalist if the principle of shareholder value maximisation is followed (though this principle is not always followed in capitalist countries -- say, in Japan or Germany). Others may point out that as long as substantial control rights remain with the state, which is subject to ever-malleable and potentially arbitrary political considerations, the internal dynamic logic of capitalism is missing, and politics take command. In late 2008, when China's richest man, Huang Guangyu was arrested, many thought that his biggest crime was that he

was getting too powerful for the leaders' comfort (shades of Putin's Russia).

Nevertheless, it is probably reasonable to guess (though it may not be enough to reassure the global business community) that while the party can undo individual capitalists at short notice, it will be much more difficult for the leadership to unravel a whole network of capitalist relations, by now thickly overlaid with various vested interests knotted with "guanxi" ties. Individual entrepreneurs have a clientelistic relationship with the state, but the state, for all its relative autonomy, is now sufficiently enmeshed in a profit-oriented system that has been identified with legitimacy-enhancing international economic prowess and nationalist glory, a tiger that the political leadership may find difficult to dismount.

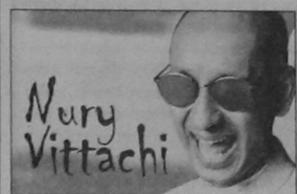
At the local level, the central leadership, even while holding the important instrument of career promotion for local officials, often finds it difficult to rein them in as they collude with local business to commit some of the worst capitalist excesses (in land acquisitions, product safety violations or toxic pollution). In any case, by an official account, the Communist Party composition itself has drastically changed; the majority of members now are no longer workers or peasants, but professionals, college students and businessmen.

Such are the ambiguities and contradictions of Chinese capitalism that Comrade Mao never foresaw, nor did the capitalist corporations in the West now dealing with this strange hybrid.

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The founding of China



CHINA celebrated being 60. But what was actually being celebrated?

I thought I knew until a reporter from an Indian news organisation phoned me a few days before to ask.

The conversation roughly went like this:

Q: So, what exactly is being celebrated on October 1?

A: It's national day. China is 60 years old!

Q: Only 60? That's so young. Our country is much older than that -- thousands of years older.

A: No, China is thousands of years old. It's older than your country. It's older

than any other country, older than the moon, even, probably!

Q: You just said it was 60.

A: Er, yes, but I'm not really talking about the country. This is the actually anniversary of the communist takeover of China.

Q: I see. So, how long have you been a communist?

A: Me? I'm not a communist! None of us are. These days, everyone in Asia is a capitalist. We're the opposite of communists.

Q: But you just said you were celebrating the communist takeover.

A: Yes, we are. But, er, um, it's not communism itself we are celebrating. We are celebrating the fact that the people who have run China have done a great job over the past six decades.

Q: So you think it's good that China's development is almost 40 years behind that of its neighbours, Hong Kong, South Korea and Taiwan? Why do you prefer a slow pace of economic development?

A: I don't prefer a slow pace of development. It's hard to explain.

Q: The history of China is very confusing, isn't it?

A: Yes, and that will be my answer to every question from now on.

To fill gaps in my knowledge, I visited a keen amateur historian.

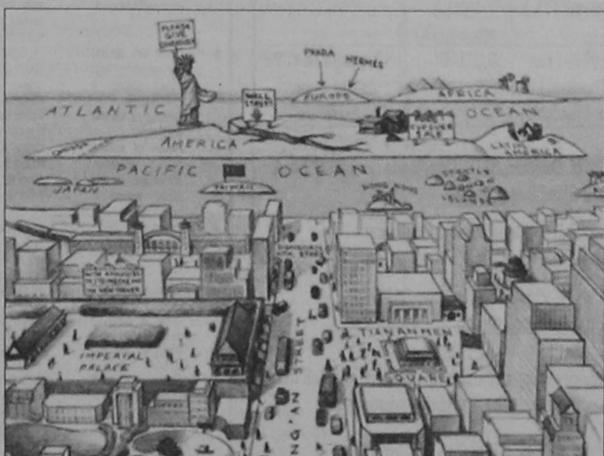
"From 1949 to the present day, China gradually moved from being a communist state with no freedoms, to being a more modern society, where private property ownership is allowed, and free speech and full democracy are expected to evolve, right?" he asked.

Right, I said.

"Wrong," he laughed.

He said that in its early years, Communist China was run under a constitution called the Common Program. This featured a higher degree of democracy than China ever had, before or since. People from political parties other than the communist party were included in government. Private property was guaranteed. Freedom of the press was enshrined in law.

"China suffered not because of the communists, but because people like



Mao [Zedong] failed to follow the foundations laid by its other communist founders," he said.

This was news to me.

And what about October 1, 1949? He celebrating the end of the war between the communists and the republic, aren't we?

He shook his head.

"No. The war ended in June. But communism is all about meetings. They organised vast committee meetings in September to create the Common Program, promising a fair, democratic society with freedom of speech. October 1, 1949, was the day the meeting ended and they could all go home." Definitely a day to celebrate.

What's scary about all this is that China in the immediate future will definitely be a major influence on how the world works, in the same way that the UK and the US have been pace-setters for the past couple of hundred years (and the Romans were two thousand years ago, the Greeks were 2400 years ago, etc.).

Yet few people understand China or know anything about its history and politics. Even people who live in China.

This image, from the Economist, inspired by the New Yorker, is a good place to start. It's called How China Sees the World.

For more information on historical dilemmas visit our columnist at www.vittachi.com.