

Has Bangladesh gained from its LDC status?



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Bangladesh has reached a stage of development where it should pay more attention to improving production efficiency, skills and entrepreneurial capabilities rather than merely seeking preferential LDC treatment.

WAHIDUDDIN MAHMUD

How far is it a benefit to be classified as a least developed country (LDC)? After nearly four decades of existence of the LDC category, and after three decade-long Programs of Action adopted by the United Nations since the 1980s to support the development and eventual graduation of the LDCs, there is no clear answer to the above question. The Fourth United Nations Conference on the LDCs planned for mid 2011 is expected to approve a fourth Plan of Action.

Despite the support measures, only Botswana and Cape Verde have graduated, while the number of LDCs has doubled from the initial 25 in 1971 (Maldives and Samoa are scheduled for graduation). Interestingly, Ghana, Papua New Guinea and Zimbabwe were considered by the UN Committee for Development Policy (UN-CDP) to be eligible for the LDC status, but declined to be included in the category.

Incidentally, the UN-CDP is a committee of independent experts which is mandated to track the progress made by the LDCs and to recommend inclusion into and graduation from the category on the basis of well-defined set of criteria.

There is a range of LDC-specific international support measures covering trade preferences, foreign aid including technical cooperation, and other forms of assistance. But there is hardly any convincing evidence that

these measures have been effective in their impact on economic growth, poverty alleviation and eventual graduation. If at all, the LDCs have been increasingly marginalised in the global economy.

Their GDP growth rates have generally lagged behind those of other developing countries and their already meagre share of world trade of 1.6% in 1971 has been drifting downward (particularly if one ignores the recent rise in oil exports of a few LDCs). Additionally, little progress has been achieved in terms of reducing the structural weaknesses of their economies, including lack of economic diversification.

What has gone wrong? The LDC strategy may not have worked for several reasons. The international plans and commitments have not only proved inadequate to address structural handicaps affecting the LDCs but their implementation has also fallen short of targets -- such as for aid, trade and WTO provisions.

More importantly, the capacity to take advantage of international support measures is often severely constrained by weak institutional and governance structures -- particularly in politically fragile and conflict-torn LDCs.

One may argue that without these support measures, the LDCs might have fared even worse, but it is generally agreed that the measures have at best achieved limited results. Clearly, much more needs to be done to help

these countries which are seemingly caught in a trap.

Within the LDC group, Bangladesh stands clearly as an outlier in terms of the size and strength of its economy. Compared to the country with the next largest population within the groups, which is Ethiopia, it has nearly twice as much population and five times as much gross national income. The size of the manufacturing sector in Bangladesh is larger than that of entire sub-Saharan Africa excluding South Africa.

In fact, Bangladesh would not have qualified for inclusion in the LDC category if it had to comply with the criterion of population cut-off (smaller than 7.5 million) introduced in 1991; but since this criterion did not apply to countries that were already in the list, Bangladesh could remain as an LDC.

Compared to the typical small LDCs, larger countries like Bangladesh tend to be more resilient to shocks and are better able to diversify their economies by taking advantage of the economies of scale supported by a relatively large domestic market.

This explains why Bangladesh is found to be one of the least economically vulnerable of the LDCs as measured by a composite index reflecting various structural features of the economy like the share of primary production, exposure to shocks and export instability. In terms of its economic vulnerability score, which is one of the three criteria for LDC classification, Bangladesh easily qualifies for graduation.

In terms of another LDC criterion, called the human asset index that reflects the health and educational status of the population, Bangladesh has been making good progress and is ahead of some non-LDC countries like Pakistan, although its score is still somewhat below the threshold level of graduation.

The other criterion is gross national income

per capita, in which Bangladesh is only about middle-ranking among LDCs. But it should be remembered that some large non-LDC countries like India, Pakistan and Vietnam have also per capita income below the threshold level required for graduation from the LDC status.

While Bangladesh has clearly led the LDCs in GDP and export growth rates, its growth performance since the 1980s has been superior compared to the average of all developing countries as well. To what extent this has been helped by the country's LDC status is not easy to determine.

It is clear, however, that Bangladesh has been better able to benefit from the LDC-specific support measures, particularly in respect of trade preferences. A large part of Bangladesh's garment export, for example, has benefitted from the duty-free access of LDC exports to the markets of the European Union.

It is also a fair assumption that Bangladesh stands to gain, more than other LDCs if the trade concessions to LDCs are further broadened, such as by relaxing the so-called rules of origin.

There is a danger, however, that Bangladesh may devote too much of its developmental efforts and economic diplomacy towards exploiting the benefits from its LDC status. Bangladesh's development prospects and challenges do not typically coincide with those of the LDCs.

Bangladesh does not also fit into any of the sub-categories of LDCs, such as those which are conflict-ridden and politically fragile, or extremely vulnerable to shocks because of being small island states, or whose main constraint to growth is low and variable land productivity. Instead, Bangladesh should emulate the examples of high performing developing countries such as Vietnam, which is not an LDC but with which it shares many common economic characteristics.

The gains to be reaped from the LDC status are limited by many factors. For example, belonging to the LDC group is no guarantee of receiving larger amounts of foreign aid. Bangladesh receives lower amount of foreign aid, both in per capita terms and as a proportion of GDP, compared to the average of all developing countries.

The granting of trade preferences to LDCs has not often produced the desired results because of the selective exclusion of some export items that are of particular interest to LDCs, and the introduction of the "rules of origin" and other clauses restricting market access. In addition, the benefits from preferential treatment to LDCs are being eroded by the general lowering of tariffs and the mushrooming of regional trade agreements granting preferential treatment to LDC competitors.

Bangladesh has reached a stage of development where it should pay more attention to improving production efficiency, skills and entrepreneurial capabilities rather than merely seeking preferential LDC treatment. It should look for beneficial regional or bilateral trade agreements and go for export diversification into relatively more skill-intensive and technology-intensive products and services.

By all means, it should take advantage of its LDC status as much as possible, but it should also learn to think and act as an emerging developing country that is aspiring to be the next Asian tiger.

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UK election: The real winners

I flick through newspaper after newspaper in deep shock. In all the coverage of the UK election, the international media has totally missed the real story. The Monster Raving Loony Party beat the Communist Party. I sit at my desk applauding.

The raving loonies are a political body campaigning to highlight the potentially catastrophic shortage of humour in the world. Soon after it was founded, the Loony Party's manifesto called for:

- 1) All pets to be given passports.
- 2) Teenagers to be given the vote.
- 3) Pubs to be allowed to open all day.
- 4) Socks to be sold in packs of three, as one always gets lost.
- 5) Semi-colons to be banned; no one knows how to use them.
- 6) Superheroes to be legally prevented from using their powers for evil.
- 7) A 99 pence coin to be introduced to save change.
- 8) The Queen of England to be replaced by a statue to save money.

I first met the founder Lord Sutch in the 1980s. Although he called himself an earl and a rock star, he was neither. He never had any money (I had to pay for dinner) and he couldn't sing.

He was hilarious in front of the cameras, but terrifyingly depressive away from them. His only real groupie was his mom.

But his gang's campaign to increase the amount of zaniness in the world was wildly successful. Members of his gang then amazed themselves by winning large numbers of votes in local elections, sometimes defeating the serious political parties.

But in the late 1990s, Lord Sutch, whose real name was Dave, went through a bad patch. He'd persuaded some of the world's finest rock musicians (including guitarist Jeff Beck and half of Led Zeppelin) to help him make an album.

In 1998, the BBC declared his CD "the worst album of all time." They were probably right.

Then his mother died. Dave hanged himself. It was a shocker. Dave, Dave, what are you doing, mate? That was seriously unfunny.

We all thought that was the end. Fortunately, his spirit lived on. One of his colleagues changed his name to R.U. Seerius and re-started the mission. Below is another supporter, Lord Toby Jug.

Party leadership was shared between a human and a cat until 2002, when the cat was run over by a truck. In last week's UK election, the Monster Raving Loony Party's campaign was led by senior member Alan Hope (below right), who walked the streets with a banana on his head, shouting through a megaphone: "Vote for insanity! You know it makes sense!"

Scanning news outlets on the web, I finally uncover a complete set of results for last week's UK election. I smile to see that the Monster Raving Loony Party received more than seven times as many votes as the Communist Party.

Dave is looking down from heaven and smiling. And this is the totally amazing bit. The first three items on their manifesto have all been passed into law, not just in the UK, but in most countries across Europe and several other places around the world. (This is not a joke.) Pets have passports (physical and microchip) the voting age has been lowered to 18 and bars can open all day.

It can only be a matter of time before the rest of the manifesto items follow. Superheroes and sock manufacturers: you have been warned.

To find out more about the surprising truths the world media seems to be overlooking, visit our columnist at www.vittachi.com.

An evaluation in the light of civilisation

As we discover newer faces of civilisation, we find the rationality and necessity of Buddhism for balanced social development. Buddhism always longs for peace, never for fighting, and that is where its core strength lies -- a fact that human civilisation is yet to understand.

SULAV CHOWDHURY

THOUSANDS of isms and doctrines have been evolved over the centuries. The belief system has been different from country to country, and it has changed and altered pretty much regularly. A system of thought that was appreciated and respected once received severe excoriation for banality later on, and lost its charm to a new one that embraced trends and outlooks of the existing time. That is how societies have shaped up over the centuries. Change has always been there, and will be too, probably!

Buddhism, a religious guideline under the lustre of philosophical advice, has weathered the storm of change and survived through the centuries with its fundamental teachings remaining mostly unchanged in the face of customary changes. It is uniquely cushioned against prosaic hankerings that the multitude commonly aspires for!

This challenge against the normal will of human beings may have raised questions in many inquisitive men about the adaptability of Buddhism in the present environment but, deep down, the ethical

layer in Buddhism stands out in bravura fashion even today in the crowd of thousands of scriptural directions.

The fantastic saying of the Lord Buddha: "Come, see and judge, if agreed only then accept" poignantly reminds us of respect and value given by the Buddha to human beings as human beings. It is very rare in the history of religious development to find the valuing of human capacity above everything else in a religion. That is where the specialty of Buddhism lies.

The belief in spirituality has been almost part and parcel of the history of religious dominance. The more a religion has been clothed with spirituality, the faster it has gained in popularity. This trend has developed because of impatience in the mind layer of human beings, and an impatient mind, as Lord Buddha said, regulates the human will and forces it to be on the run to find peace.

Unfortunately, this running just goes on, on and on! That real divinity rests in how one controls one's inner mind remains elusive when the mind gets perturbed and looks for a spiritual solution to end the woes rather than taking

recourse to meditation. Spirituality is a virtue that could be attained through deep reading of oneself.

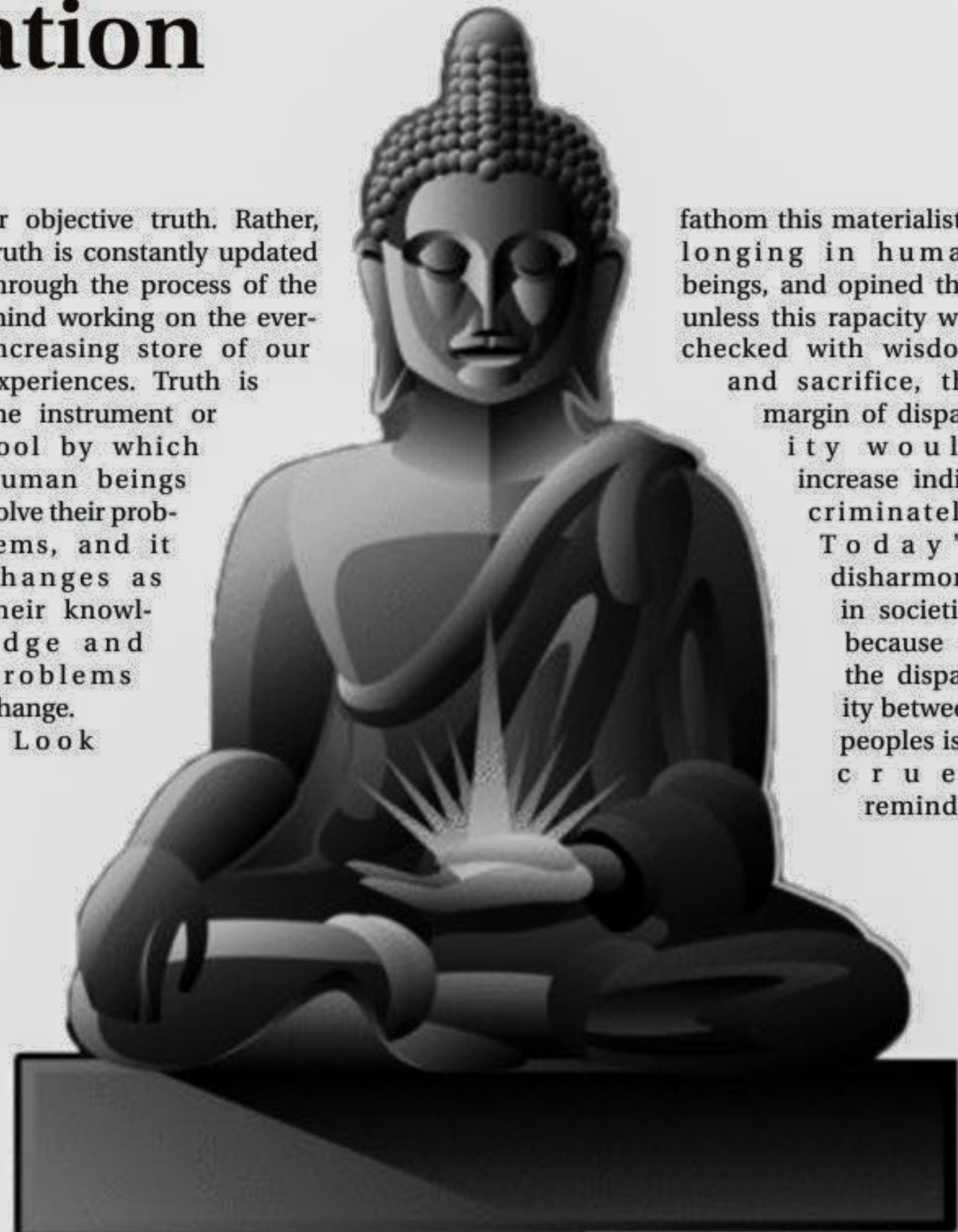
Buddhism encourages human beings to search for themselves through meditation -- a path to divinity or spirituality! The cardinal feature is that when many had dovetailed religion into spirituality, Lord Buddha had searched for the location of spirituality and found that it was mind that was the root of all evil or all morality. This depiction, however, may not go well with the material world. The inner confusion is probably rooted in our minds.

The philosophy of pragmatism has played a pivotal role in shaping American psychology. It is a more prudent form of the existentialism that Jean-Paul Sartre once broached, but at the same time it has not nullified materialism in the sense that much of today's society is "results driven." For them, only the results are important.

Pragmatists say that life is a process of discovering the truths of how our actions work for us. Their question is not so much "What is true?" or "What ought we to believe?" Instead they ask: "What, if we believe it, will work best for us?" Interestingly, Lord Buddha ascribed more importance to actions rather than to belief systems. To him, experimental knowledge brings forth results that are realistically congruent with societal interest. Pragmatism espouses this thought.

Pragmatism is a philosophy for which the test of truth is the usefulness of the consequences of an act. There is no static

or objective truth. Rather, truth is constantly updated through the process of the mind working on the ever-increasing store of our experiences. Truth is the instrument or tool by which human beings solve their problems, and it changes as their knowledge and problems change. Look



The Enlightened One.

at the civilisation we live in. That modern society in the civilised circuit is driven towards materialistic collection is a system of thought that has sprung from the idea of what actions would be beneficial for individual aggrandisement.

The Buddha was farsighted enough to

fathom this materialistic longing in human beings, and opined that unless this rapacity was checked with wisdom and sacrifice, the margin of disparity would increase indiscriminately. Today's disharmony in societies because of the disparity between people is a cruel reminder

of Lord Buddha's theory. We will have heard about the "clash of civilisations," a theory proposed by political scientist Samuel P. Huntington. He argues that people's cultural and religious identities will be the primary source of conflict in the post-Cold War

world. Huntington also points out that the trends of global conflict after the end of the Cold War are increasingly appearing at the civilisational divisions.

Wars such as those following the break-up of Yugoslavia, in Chechnya, and between India and Pakistan were cited as evidence of inter-civilisational conflict. But Lord Buddha averred that all evils were rooted in our minds. Once the mind is brought under the control of one's will, one is calm mentally. And a mentally clam mind can never ever disturb others. Thus the society will experience a positive change.

The clash of civilisations that has unsettled world peace in the political sense basically stems from the inner chaotic sensitivity of the perturbed people. If Lord Buddha's teaching of "self-control" had been established in the societies, wars, skirmishes or other forms of hostilities would have stopped. In that essence of pacifism, Lord Buddha has provided us with a solution (Buddhism) to the clash of civilisations.

Buddhism is a philosophical guideline. As we discover newer faces of civilisation, we find the rationality and necessity of Buddhism for balanced social development. Buddhism always longs for peace, never for fighting, and that is where its core strength lies -- a fact that human civilisation is yet to understand. Then why not embrace Buddhism and lie prostrate before Buddha for inner peace.

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