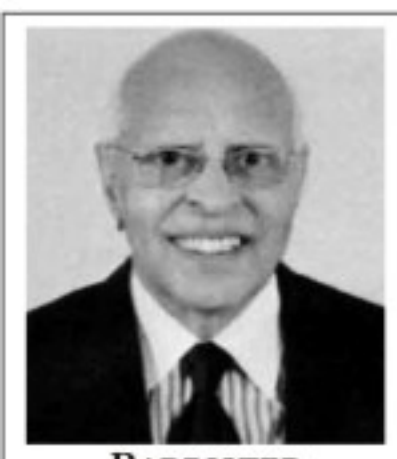


BOTTOM LINE

# Durban Climate Conference: Who won?



BARRISTER HARUN UR RASHID

**T**HE two-week long UN Conference on Climate Change at Durban (South Africa) was attended by 194 countries. The chairperson was South Africa's Minister for Foreign Affairs Ms. Maite Nkoana-Mashabane.

The conference was a scene of horse trading among three groups of countries. One group was led by the European Union, another group was led by vulnerable countries including small island-nations and Least Developed Countries (LDC) and the third group consisted of the US, Canada, China, Russia, Japan, Brazil and India.

The first two groups wanted a legally binding regime for reduction of toxic gases while the third group wanted to delay it as much as possible.

The US took the stand that unless China joined the legal regime of reduction of toxic gases, no legal framework would be possible because it would be meaningless as China was the largest emitter of toxic gases in the world (China emits 24% while the US emits 18%).

China, on the other hand, argued that it had to be treated differently from rich countries because there still was persistent poverty in rural areas (about 100 million people), and could not be bound by the same emission standards as advanced

industrialised nations. Some observers have commented that what was frustrating was to see that the Durban Conference was being hijacked by the ping-pong game between the US and China. The problem seemed to be that the US was not ready for the legally binding regime while China was willing to embrace the regime.

The stand-off had threatened to derail the Holy Grail of the talks, a global treaty encompassing all nations which has sought to limit the temperature rise to 2° degrees Celsius (3.6° Fahrenheit) above pre-industrial levels.

The European Union adopted a strategy to align itself with the small-island nations and LDCs to press hard to reach a deal at Durban encompassing all nations including the US and China. In the process, the Bangladesh delegation played an important role on behalf of the least developed and most vulnerable countries.

Weary of the inconclusive jousting on a global treaty with teeth, many delegates believed that small progress towards a global treaty was not a bad thing.

For the sake of a global treaty a compromise was struck on December 11 (two days after the formal end of the Conference), which would make the treaty effective in 2020. Critics say that the compromise has let the top emitter countries off the hook for another 8 years.

The key to the Durban deal lay in

overcoming the opposition of the Big Three (US, China and India) by crafting a compromise text -- essentially reassuring them that it would not be at the expense of their economy.

Finally, on December 11, the conference approved a roadmap towards an accord that for the first time will bring all major emitters of greenhouse gases under a single legal roof. If approved as scheduled in 2015, the pact will be operational from 2020 and

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become the prime weapon in the fight against climate change.

The world forum also launched a "Green Climate Fund" to help channel up to \$100 billion a year in aid to poor, vulnerable countries by 2020 -- an initiative born under the 2009 Copenhagen Summit. But how to raise the money has not been settled as yet.

With regard to the extension of the Kyoto Protocol for mandatory carbon-curbs,

which expires in 2012, EU will sign up for fresh commitments taking effect from 2013, although this will be little more than symbolic, translating into the UN framework its existing plan for reducing European greenhouse-gas emissions by 20% by 2020 over 1990 levels. The duration of the post-2013 commitments will be either five or eight years -- negotiations on this will take place next year.

The talks on a new legal deal will begin in 2012 and end by 2015, coming into effect in 2020.

Observers say the talks for the 2015 pact will be arduous. The thorny issues include determining the agreement's exact legal status and apportioning carbon constraints among rich and poor countries. "A heavy work load ahead of the post 2020 arrangement needs to be done," China said in a statement.

There has been significant progress on reducing emissions from deforestation and forest degradation (REDD), and on operation of an adaptation committee.

According to many social movements and civic societies this summit has amplified climate apartheid, whereby the richest 1% of the world has decided that it is acceptable to sacrifice the 99%. Many say the world's top polluters won at the Durban conference.

"Delaying real action until 2020 is a crime of global proportions," said Nnimmo

Bassey, Chair of Friends of the Earth International. "An increase in global temperatures of 4° Celsius, permitted under this plan is a death sentence for Africa, small island states, and the poor and vulnerable worldwide."

According to Pablo Solón, former lead negotiator for the Plurinational State of Bolivia, "it is false to say that a second commitment period of the Kyoto Protocol has been adopted in Durban." 30% reduction of the emission will not be under the Protocol as many rich countries including Russia have opted out. This means that the Kyoto Protocol will be on life support until it is replaced by a new agreement.

Janet Redman, of the Washington-based Institute for Policy Studies said: "What some see as inaction is in fact a demonstration of the palpable failure of our current economic system to address economic, social or environmental crises."

Finally, industrialised countries are morally and legally obligated to repay their climate debt. Developed countries grew rich at the expense of the planet and the future all people by exploiting cheap coal and oil. They must pay for the resulting loss and damages to the most vulnerable country, Bangladesh, which needs \$2 billion per year to combat the adverse effects of global climate change.

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## Dhaka Stock Exchange: Panic, fascination and trouble

Md. TOUFIQUE HOSSAIN

**T**HE stock market in Bangladesh is at a primeval stage of development. The fundamentals are very flimsy and fragile. The Dhaka Stock Exchange (DSE) experienced massive price volatility in November. It saw both sides of the coin within two trading days! Although investing in the stock market is risky, people invested for the future because of their exuberance. As more people invested in the stock market, stock prices began to rise.

Emotions often impact the stock market. When stock prices drop, many investors trade their stock out of fear that the prices will drop further. Others may hold on to stock longer than ideal when prices go up as they hope to strike it rich. These actions caused by emotions impact stock prices. A fall in share prices is nothing unusual in a market that has been bullish over a long period. Market experts also expected a correction in the capital market. But several factors made this expected correction into a bane for investors! But the ongoing volatile situation in our capital market reminds us that we are not capable of exploiting the right opportunities.

The Bangladesh capital market landscape experienced a bubble and bust episode in 1996. During the 1996 bubble episode the benchmark price barometer of DSE, the General Price Index (DGEN), increased by 139.3% during 1991-1995 and stood at 834.7 at the end of 1995. Then the DSE suffered the biggest crash in its 55-year history on December 19. The DSE General Index nosedived by 551 points, or 6.72%, to 7,654 points at the close of a four-hour trading session.

The stock market in Bangladesh is increasingly coming under scrutiny as it is deviating from its core purpose, i.e. raising equity for industrial activities. It is maintained that recent growth in the capital market is difficult to relate with the growth of real economy, rather it is related with inadequate investment opportunities in productive sectors, short-term speculative trading behaviour underpinned by market irregularities and anomalies, weak oversight functions of regulatory bodies, and poor policy framework for the financial sector.

From these perspectives, four key issues may be highlighted in the current state of affairs in the sector. These are: a) lack of investment opportunities in productive sector; b) poor governance in the capital market; c) market manipulation; and d) anomalies in the financial sector.

There are three main areas of influence that move a stock's price up or down.

(1) **Fundamentals:** The most direct influence on a stock's price is a change in the economic

fundamentals of the business. If revenues and profits are on a steep upward trend with no indication of leveling off, you can expect to see the stock price rise as investors bid up this attractive company. On the other hand, if the profit picture is flat or, worse, declining with no change in sight, look for investors to abandon the stock and the price to fall.

(2) **Sector Changes:** Changes in the stock's sector can have positive or negative effects on price too. Some sectors or industries are cyclical in nature and you should know that it will affect price.

(3) **Market Swings:** As the market moves up and down, your stock may move with or against it. Most large-cap stocks will follow the market to some degree, but smaller companies may not get the same push every time. In general, a strong market move either up or down will carry more stocks with it than not, so your stock may be up or down for no other reason than that the market was up or down.

However, stock market crashes are momentous financial events that are fascinating to academics and practitioners alike. According to the academic world view markets are efficient, only the

revelation of a dramatic piece of information can cause a crash.

Today, our stock market has more or less recovered from the protracted aftershocks of the 1996 and early 2011 turmoil. This proves that there is lack of coordination in policy-making and policy implementation. It seems we

don't like learning from the past. We had a market crash in 1996, and now we have another one in our hands in 2011.

It important to avoid trading with margin. Invest for the long term and don't trade on rumours. For instance, a definition of the stock market given by Mr. George Soros says: "The financial markets generally are unpredictable, so one has to have different scenarios. The idea that you can actually predict what's going to happen contradicts my way of looking at the market."

To summarise, the stock market is a very significant part of the economy. There is no doubt that the stock market is being affected due to the money market crisis. After a decade, investors have shown their trust in the market, and it is everyone's duty to ensure that the investor trust prevails. Hence, we strongly urge the government and the economic advisor to lend their full support to Security Exchange Commission and the stock exchanges to meet the demands and needs of investors.

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## Measuring the value of education

MUHAMMAD A. KALAM

**T**HE most important outcome of education is, of course, to teach someone to think independently and out of the box. Some questions can be raised as to the effectiveness of education in introducing such changes in a person. How certain are we about the role of education in making this happen?

There are quite a few examples of people who were not well educated, in conventional sense, yet made lasting impact on the whole world. Some of these people did not even know how to read or write.

Prophet Muhammad (peace be upon him) showed that formal education was not necessary for introducing everlasting revolutionary changes in human history. His unparalleled contributions in changing the lives of so many people for so long made Him the most influential person in history. His exceptional ability to educate the ignorant people, while not being formally educated Himself, is certainly a miracle in itself. Steve Jobs, the late inventor and founder of Apple and Bill Gates, the founder of Microsoft, dropped out of college to become billionaires and world famous.

This article is related to the measurement of the value of education. What value does education, in general, add to any human society?

The value added to the society through education in any field is limited by factors that are not normally related to education. The effective impact of education in any field is, therefore, very difficult to determine. The social environment, governmental regulations, economic condition of the people and national culture have a tremendous influence on the way educated people are utilised in adding value to the society.

The problem solving abilities of the engineers could remain completely underutilised unless there are incentives and encouragement for independent thinking and innovation in all aspect of engineering. Engineers and scientist are not encouraged to think in terms of wealth creation, which is considered to be the job of business graduates. In other words, unless you are a business graduate you should not think about establishing a business or participating in wealth creation according to conventional wisdom.

I do not mean to ignore the contributions from the people educated in languages and social sciences. Although you would consider a field of education that has an immediate job prospect, all fields are required for the betterment of the society. From the perspective of social benefits, contributions from the educated people of all backgrounds are required and somewhat mandatory. Taking a holistic approach, educated people in entertainment, mass media and communications must also be taken into account.

One can look at the increase in the per capita income and the total number of graduates from all the universities to see the correlation between economic development and education. This may seem to be too simplistic since economic development can be attributed to other factors as well. In general, however, one cannot disagree that education plays a very important and an indispensable role in the economy of a country.

Malaysia has been able to move ahead to where its per capita income (\$7,900) is at least 12 times that of Bangladesh (\$640) -- based on World Development Indicators database, World Bank, July 1. Such a near miraculous economic development took place mainly due to the educational reform initiated by Dr. Mahathir Mohammad. He made sure that all expatriate Malaysian university professors came back from abroad because he offered the same financial compensation as any North American university.

Having spent almost a decade as an engineering professor and twenty five years in information technology, I have come to realise that the age of globalisation and the internet leave us no choice but to take innovative approach to education. In my humble opinion education in any field must have the following:

- Project oriented syllabus that requires hands-on application of the area of concentration;
- A project is a group activity and the topic is independently selected by the group of students;
- Proper incentive and encouragement to independent thinking;
- Strong incentive in wealth creation initiatives;
- Provision for rewarding students for volunteering and social activism;
- Emphasis on multidisciplinary approach to hands-on projects;
- Regular motivational training and seminars on the value of education.

The students must be encouraged to create their own companies rather than trying to get a job in a company. The intangible or the invisible impact of education should also be considered in determining the value of education. I knew of a psychology student who volunteered to work for an NGO to free economic slaves. This student's psychology degree probably would not have as great of an impact as the one she had shown as a volunteer. The world would certainly a better place if we have more young people like her making a difference in peoples' lives. Shouldn't we call her a real educated person for what she had shown?

I know of another person who used her Thai language capability and visited the border areas between Myanmar and Thailand. Scores of refugees from Myanmar are kept in prison cells under subhuman conditions. The fate of these prisoners would have been completely sealed without some media awareness and report to the rest of the world. What better examples are there to show the impact of real education and independent thinking?

Taking all aspects into consideration the value of education, however difficult may it be to measure, is of infinite importance in social and economic development of a country. Education can lead a nation out of poverty, make it prosperous and rich. Education must be priority number one of our country. It must be used as tool for economic development. People from all walks of life and profession must play their role in maintaining an enabling environment where this tool is sharpened and nurtured.

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