Environment and fatalism

ADNAN MORSHED

A month or so ago I had an opportunity to listen to Sir Fazle Hasan Abed at a closed-door meeting in Washington, DC. He spoke about his work at Brac and how his organisation sought to change the fate of the poor in Bangladesh. It is hard not to be touched by the gallant stories of grassroots resilience and entrepreneurship of the disenfranchised. No less, it is always inspiring to listen to a visionary.

Yet, I asked Sir Abed a simple question, "How does the environment figure in your philosophy of development?" I pointed out two interrelated issues as a context for my question. First, Bangladesh is an extremely land-scarce country relative to its robust population size; therefore, shouldn't development ideologies here be moderated with a pragmatic concern for environmental protection? Second, in land-guzzling developing economies the relationship between development and the environment remains misunderstood and neglected.

Sir Abed responded with various insights. The gist of what he said concerned predominantly the discourse on global climate change and the related vulnerability of Bangladesh. There is not much Bangladeshi people can do if the sea level rises as a result of global warming. Not only would the country lose vital land mass in the south, it would also face grave food insecurity in the wake of saline water intrusion, damaging agricultural productivity. So, the best course of action for Bangladesh, according to him, would be to pursue climate-change adaptation.

Sir Abed meant well. But I was rather surprised that his position was not unlike the standard official narrative when it comes to the question of the environment in Bangladesh -- a fatalistic view that does not adequately acknowledge the role of human agency in the natural world. From the vantage of this position, people are rather passive bystanders in the inexorable course of climate change, only waiting it out until the sea level rises dangerously to wreak havoc in southern Bangladesh.

This is a problematic position since a fatalistic approach means that we are oblivious of, or turn a blind eye to, the precarious carbon footprints that we create in the name of development. If the idea of development means some form of human economic activity -- a shop here, a factory there, a bridge over the canal, two more trucks on the street -- then it intersects with the environment, producing a variety of results. In a straight-talking universe, developments could either be "green," occurring consciously in harmony with nature, or take precedence over the environment. Thus, overstating climate change, in which human contributions remain highly contested, shows a peculiar propensity to exempt humans from their ethical environmental responsibilities.

This brings us to the epicentre of a fierce ongoing debate. When it comes to the question of development, two contradictory attitudes toward the environment emerge.

First, there is this charitable view that humanity is only part of a larger ecosystem; therefore, it is humanity's ethical responsibility to nurture the natural environment for the wellbeing of all species. The supporters of this view would advocate regulating economic growth in such a way that Mother Nature is protected and preserved for present and future generations. For example, the advocates of this position are likely to support ratifying laws that would heavily regulate the ship-breaking industry. Their contention will be that the "deadliest job" of dismantling poisonous nautical leftovers is not only life-threatening for the labourers, but also environmentally destructive. We can't get rid of it because its economic appeal seems to outweigh the cost of the environmental damage that it inflicts on the coastal belt.

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Second, there are those "pro-business" people who believe that nature is an infinite resource that ought to be harnessed for human progress and economic growth. The advocates of this anthropocentric viewpoint assume that human beings are at the centre of the cosmos and that it is logical to exploit the environment for their betterment. For example, if open-pit coal mining can generate economic prosperity, then that activity could brush off some environmental costs.

The above two attitudes inform current debates on sustainable development around the world. Both camps favour economic growth, albeit with differing philosophies of development. Hungry for raw materials and energy, western nations since the Industrial Revolution have embraced the second viewpoint as the logical path to human progress, often at the expense of the environment.

But this hubristic position began to shift in the West with various environmental movements in the 1960s and the oil crisis in the 1970s that compelled America and other industrialised nations to seek renewable sources of energy and articulate new policies of balancing development and the environment. For example, two landmark environmental laws were created in the USA: The Clean Air Act (1970) and the Clean Water Act (1972).These laws meant that an application for setting up a factory would be judiciously scrutinised by an empowered government agency to see whether the factory conformed to recommended environmental standards. The word "environment" increasingly called for ethical human duties. In the built environment, energy efficiency, recycling, reduction of carbon footprint, etc., became policy priorities. The discourse on sustainable development began to favour biocentrism over anthropocentrism.

Hearing Sir Abed's vision of development, I wondered where Bangladesh stands today with regards to environmental stewardship. Despite a growing culture of environmental activism in the country and piecemeal government initiatives, Bangladeshi policies continue to focus exclusively on that much-mythologised term, "growth rate," all too often at the expense of rivers, wetlands, agricultural lands, forests, and air. Think about the air-polluting brickfields that contribute to over 1% of Bangladesh's GDP. They are often left to a laissez faire policy gray zone because they are viewed, alas, as great protagonists in the vaunted growth-rate storyline.

Yet, the word "economy" originally meant the management of a household. It derives from the Greek *oikonomia -- oikous* (house) and *nemein* (manage) -- suggesting some kind of underlying environmental or spatial obligations. In an ideal green world, economic developments are welded to cautious environmental policies. But powerful pro-investment lobbies often make environmental regulations an uphill battle. Notice that this problem has become particularly acute within India's burgeoning economy. The Indian columnist Praful Bidwai recently wrote about how India's National Investment Board sought to gag the Ministry of Environment and Forests by calling it a "Green Terror," trying to throw "a green noose around industry's neck."

In Bangladesh, we should be broadly aware of this ideological battle sooner rather than later. NGOs must embrace environmental responsibility more forcefully in their vision for development, rather than leaving the environment to the mercy of climate change. The government must make environmental awareness and duties a top educational campaign right from the primary school to the highest university level.

The growth of tanneries is good for the economy, but we also need an organically sustained Buriganga river. We need affordable housing, but we also need to focus on decentralising our cities, rather than filling up vital ecological wetlands on the edge of the city to meet incessant housing demands. Every square inch in Bangladesh must be taken into consideration for a sustainable future. We need a development model that situates "growth rate" not in the abstract world of economic policies, but in the tangible, finite space of the environment.

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Why and how should Bangladesh issue sovereign bonds?

PRASHANTA KUMAR BANERJEE

BONDS issued by national governments in key foreign currencies are normally referred to as sovereign bonds, although the term sovereign bond may also refer to bonds issued in a country's own currency.

Conjecturally, all discussions on sovereign bonds have been confined only to the university classrooms in Bangladesh until recently. For the first time, the Bangladesh Bank has brought this issue before the financial community and the practitioners by suggesting that the government should issue sovereign bonds in foreign currencies in the international markets.

This is seemingly a step in the right direction for easing pressure on the foreign exchange reserve. Issuance of sovereign bonds will also enable the government to maintain stable exchange rate, create a vibrant local corporate bond market, establish a benchmark-bond for the Bangladeshi enterprises planning to finance business activities from overseas sources. It would also help them get familiar with the foreign lenders or bond purchasers.

Sovereign bond was first issued by the British government in 1693 to raise money to fund the war against France. This type of bond is issued with guaranteed payments by governments or government agencies, primarily in local currency. Later, issuing of sovereign bonds in international markets in foreign currencies also gained popularity. Bonds issued by national governments in key foreign currencies are normally referred to as sovereign bonds, although the term sovereign bond may also refer to bonds issued in a country's own currency. A distinguishing feature of a sovereign bond is that it bears only macroeconomic risks for a given country, unlike both macroeconomic and firm-specific risks for the corporate bond.

Bangladesh is considered as one of the emerging economies in our region. It is expected to reach middle-income status by 2021 with an annual growth rate of 8-10$. The Sixth Five-Year Plan (2011-15) targets 8% GDP growth by the end of the period. To achieve this, share of investments in GDP has to be somewhere around 32.5% by 2015 from its current level.

As per the estimation of the finance ministry, the amount of investment deficit is Tk.97, 900 crores till fiscal year 2014-2015. It is, therefore, necessary to make up for the deficit by increased supply of foreign currency. But uncertainty of world economy, inconsistency in Foreign Direct Investment (FDI), variability in foreign aid and loan from the donor agencies are matters of concern in ensuring this investment rate as these create pressure on the foreign currency reserve. In this context, issuing sovereign bonds can be beneficial to Bangladesh economy subject to selecting right areas of usage of bond money, generating funds at a relatively lower interest rate, and ensuring utilisation of collected money in the set area as per announced time schedule. Failing these, currency mismatch and maturity mismatch may occur. Of course, future probable debt service capacity of the country is an important factor to be considered before issuing this type of bond too.

In addition, developing corporate bond market is sine qua non for creating balanced sources of finance. However, like other developing countries, the real sector of the Bangladesh economy does not depend on the corporate bond market to raise capital because the bond markets in their current states are extremely shallow and thin. To facilitate the growth of the corporate bond market, many emerging market governments believe that they first need to establish an active sovereign bond market both in local and in foreign currencies.

Besides developing a vibrant bond market, Bangladesh Bank also encourages corporate units to collect funds from foreign sources on the ground that apart from bringing foreign currency, collecting finance from the foreign sources is cheaper compared to local sources. Recently, the Bangladesh Bank governor urged local firms to borrow from abroad for the aforementioned. In case of collecting funds from foreign sources at the corporate level, sovereign bond can also be used as the benchmark bond for the local corporate bond market too.

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In 2004, the Chinese government issued a $1.5 billion ten-year and $500 million five-year global bond, denominated in Euros, although they do not have shortage of foreign currency reserve. The purpose, stated by a Chinese officer in charge of foreign debt under the Ministry of Finance, is to establish a benchmark bond with more liquidity for those Chinese enterprises planning to get finance from overseas instead of just raising money locally.

Lessons from Sri Lanka:

Sri Lanka first entered the sovereign bond market in 2007, followed by issues in 2007 and 2009. Recently, the country raised $1 billion by issuing 10-year sovereign bond, although foreign markets are hardly favourable now because of on-going deepening of financial crisis in the Euro zone, in particular. The offer attracted $7.5 billion worth of orders from 315 accounts, which is an exceptional achievement for Sri Lanka, given the worldwide volatile market backdrop. The deal was done at a coupon of 6.25%.

One may think about the reasons behind overwhelming response of the investors to the bond. Sri Lanka received a vote of confidence from the rating agencies. Moody's and Standard & Poor's both revised their outlooks on Sri Lanka to be positive but kept their ratings at B1 and B+, respectively. Fitch directly upgraded its rating on Sri Lanka to BB- from B+. Fitch considered the country's economic stability and recovery under the IMF programme, as well as its efforts to address its budget deficit in upgrading its rating. Moreover, an expectation of growth from the post-war restructuring of the country acted as a positive factor in this regard.

In this deal, Bank of Ceylon acted as a co- manager. In addition, Sri Lanka appointed Bank of America, Merrill Lynch, Barclays Capital, Hong Kong and Shanghai Banking Corp, and Royal Bank of Scotland as joint lead managers for the bond sale. They arranged a strong road show and raised this amount of hard currency at a competitive yield for a war-torn country like Sri Lanka.

A lion's share (78%) of the Sri Lankan bond was allocated to five managers and the remaining offering was distributed among banks (8%), retail investors (7%) and insurance and funds (4%) and others (3%). In terms of geographical distribution, US investors bought 48% of the deal, EU based investors bought 31% and Asian Investors bought 25% of the issue.

No doubt, proper structuring of bonds in terms of types, interest rate and maturity is important to receive encouraging response from the bond investors. The experiences of Sri Lanka may be helpful to Bangladesh in this regard.

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Fictional people are stealing our jobs and women

ZOOMING up the New York Times bestseller chart this week is a romantic novel called Charm by Kendall Hart. Nothing odd about that. Except for the fact that she doesn't exist. Kendall Hart is a made-up character from a TV show.

I pointed this out to my publisher, who couldn't see anything wrong with it. "Look," he said, huffily clicking on the computer. "Here's a video clip from the TV episode in which you can see her write it." This of course proved nothing except that the logical thought processes of publishers are a mystery more arcane and complex than Einstein's dreams or my wife'' purchasing decisions.

Now I don't know about you, but I have a serious problem with non-existent people doing stuff in the real world. This is our world, dang it. We spent years building it. I object to fictional people coming over here and taking our jobs, sleeping with our women and so on.

I was fuming about this when I got a letter from the person who buys my novels. "To be honest, I don't really like your writing that much," the man wrote. "But I like Mr. Wong's. Where can I buy his book?"

I made the mistake of mentioning this to my publisher. "This person wants to know where to buy a fictional book written by one of my fictional characters," I said. "Like duh." "What a great idea," he said, completely missing the point. "I could publish Mr. Wong's book. It could hardly sell worse than yours."

At first I thought he had been taking illegal substances (mandatory for publishers who want to stay sane), but he was serious. "Look at this," he said, pointing to his shelves. "*A Series of Unfortunate Events* was written by Lemony Snicket, a fictional character in the story." He showed me two books written by fictional authors from the world of Harry Potter. Kennilworthy Whisp wrote *Quidditch Through the Ages* and Newt Scamander wrote *Fantastic Beasts & Where to Find Them*.

"Why hasn't J.K. Rowling sued them, like she has sued everyone else?" I asked. "You can't sue fictional characters," he said. "And even if you did, what would you get? Fictional dollars?"

Intrigued, I did some research. The author who has most been tormented by his creations coming alive must be Chicago author Edward Gorey. He had a habit of dreaming up characters whose names were anagrams of his own name. His publishers soon started releasing books by Ogdred Weary, Mrs. Regera Dowdy, Raddory Gewe, Dogear Wryde, E. G. Deadworry, D. Awdrey-Gore, Wardore Edgy, and Madame Groeda Weyrd. Some of these outsold Gorey's own books.

Further investigation revealed that Ogure Ito, credited with having produced several top Japanese manga books, is also fictional. The name Ogure Ito is really just a Japanese-accented spelling of the English phrase "Oh great." Apparently the publishers did not realise that when English speakers say "Oh great" they actually mean the opposite, as in "that's really baaaad." (Which is what English-speakers say when they mean something is really good.)

Oh well, if you can't beat them... I told my publisher that I intended to write my next book under the name of my fictional detective, Mr Wong. "Fine. The book will be issued under his name," he replied. "As will the paycheck."

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