

# Quest for FDI from East Asia

Improved connectivity, policies key

EXPERTS from Bangladesh Institute of Development Studies (BIDS) and Japan External Trade Organisation (JETRO) gathered on December 1 to discuss ways on how Bangladesh may attract foreign capital from South East Asia. With Asia emerging as the next global hub for development where four of the world's five largest economies are situated, Bangladesh needs to rethink policies to attract trade and foreign direct investments (FDI) from countries like China and Japan. While recent bilateral visits by heads of governments of Bangladesh, Japan and China have opened the doors for much-talked-about FDI, we will have to improve the state of our connectivity to bring such plans to fruition.

Improved connectivity in terms of road links internally, port facilities, uninterrupted power supply and fast-track development of special economic zones are all essential pre-requisites for infrastructure development. These must be backed up by appropriate policies that allow for foreign companies to quickly establish their businesses with the least amount of hassle. Looking beyond connectivity issues, Bangladesh will need to develop skilled manpower that will allow the country to be integrated to the global value chain. Decisions on developing key infrastructure such as the deep sea port have been excruciatingly slow. What policymakers need to comprehend is that time is a luxury that we do not have. If we are serious about developing a 'Look East' policy, then the time for action is now. Any further foot dragging risks Bangladesh being left behind in the multiple connectivity initiatives launched by China and Japan.

# CHT Peace Accord

Remove hurdles to full implementation

IT is odious that we would have to write about the implementation of an accord 17 years after it was penned. It was a bold step that the then AL government and Sheikh Hasina as the Prime Minister took on 2 December 1997 to address the grievances of the tribal people of the CHT that suffered due to insurgency for nearly a decade and a half, resulting in deaths and destruction of properties.

We would like to remind the government that the state of limbo that the Accord is in at the moment gives the impression, certainly to the main stake holders – the tribal people of the CHT – that the government is soft-pedalling on the issue, and that it is either unwilling or unable to devise ways to overcome the impediments in the way of the complete implementation of the Accord.

Admittedly, many important aspects of the agreement have been put in place, but the core issue, that of land rights of the tribal population, has not been settled yet. We cannot quite comprehend why the CHT Land Dispute Commission has not yet been given the power through necessary legislation, to ensure the rights of the tribals. It is quite unacceptable that not only the internally displaced person of the CHT but also the nearly 10,000 repatriated families, that had sought refuge in India during the insurgency, should have to wait so long to get back their lands.

The government of Bangladesh had made a commitment to a section of the people of this country which it must keep. If there are genuine reasons, constitutional or otherwise, which are impeding implementation of the Accord, those must be addressed in earnest and soon.

# A private university's obsession with foreign degrees

ABDUL MATIN

HERE is an interesting story I heard from a renowned surgeon of Bangladesh. Prior to a surgery, he was discussing with the anesthetist whether a 'local' or a general anesthesia would be applied. The patient, not fully conversant with English, was listening to the conversation. The word 'local' caught his attention. He suddenly got panicky and appealed to the surgeon: "Please, Doctor, don't give me anything 'local'!" Somehow, we have developed a fascination for anything that is foreign. We eat locally produced food. We export local garments, knitwear, leather goods and many other quality products to Europe and North America. Yet, why is this apathy to anything local?

I was shocked to see a special supplement recently by a private university which boastfully claims to be the "only Bangladeshi University where all faculty members have foreign degrees" and its Board of Directors was "pleased to announce that 91 full-time faculty members with foreign degrees" joined the university in the last one year.

Private universities were established in Bangladesh with the objective of imparting quality education so that our students do not have to go abroad for higher studies. They also charge exorbitant fees from the students. The 'only university' currently offers Bachelor's and Master's degrees in 29 subjects (15 Bachelor's degrees and 14 Master's degrees) and is planning to offer Ph.D. degrees. Looking at the special supplement, one may legitimately question the quality of education it offers since it has not recruited a single faculty member from among its former graduate students without any foreign degree. Are they unworthy of teaching at university level? In that case, what kind of graduates is the faculty with 'foreign degrees' producing? The special supplement is, therefore, self-defeating and insulting to both the faculty and their graduate students. Where is the hitch?

I do not think there is anything wrong with the graduates of the university. It is the attitude of the Board of Directors that is at fault. If the university does not value its own graduate degrees and employ its former students without foreign degrees, who will? The university could claim credit if it recruited faculty members with its MS degrees instead of foreign MS degrees.

Many reputable public universities like the University of Dhaka and Buet appoint their own MS/Ph.D. degree holders as faculty members. Why can't the private university mentioned above? They must remember that anything foreign is not always good. Similarly, anything local is not always bad. It is time they change their mindset and be proud to include their fresh MS degree holders in the faculty if it claims to impart quality education.

The writer is a former chief engineer of Bangladesh Atomic Energy Commission.

# Pennies for his thought



RUBANA HUQ

**KNOT SO TRUE**  
EVEN with my weakest knowledge of French, I know that a person who speaks too much and makes little sense is called "bavard." Unfortunately, there are too many "bavards" in prominent positions who speak too much in haste and later regret the consequences too fast. The recent faux pas exceeds all limits of propriety. A very powerful person of a political party ended up calling a US visitor "a minister worth two pence." As things stand today, the US seems less likely to reinstate the GSP privilege, which was suspended on June 27, 2013, in view of "insufficient progress by the Government of Bangladesh in affording Bangladeshi workers internationally recognised worker rights." With grand narratives like the one delivered 3 days back attacking the visitor who is responsible for South and Central Asian Affairs, things are most likely not expected to change in terms of reinstatement of privileges.

Why is it so difficult to balance strategic engagement and pair it with meaningful progress? Of course, there'll always be bodies which anyhow critique industrial practices and look for only the black dots in the landscape. Of course, there will be coordinated efforts to dismiss any improvement and constantly refer to a few deviations. But the need of the hour is to highlight what has been achieved in the last one year and eight months. That progress has been made is beyond any doubt. That the industry has moved with fastest possible speed and has been audited, is now being subjected to speedy remediation are also realities that none can deny. That the private sector of Bangladesh has remained resilient and rooted in its own focus also speaks a lot for the spirit of sovereignty in the land that we live in. However, there are times in history when a nation decides to strategically align itself with multiple blocs. Those are times when the policy makers prepare a state for seamless transition. But rocking old boats before concrete gains have been made from promising alliances is perhaps not the best way to go.

Apparently we need more Foreign Direct Investments to bump our growth to 8%, which will make us become a Middle Income Country (MIC). But every bit from every other possible corner helps. And one corner just happens to be the ready-made garment sector (RMG). Conversations on RMG these days happen to evolve around a few threads, including compensation for victims in Rana Plaza and Tazreen, labour rights and GSP. Apart from these, an essential development conversation needs to happen and be considered by both the policy makers and the US. The story of 384 factories, with 120,000 workers in 1984 -- which increased five-fold by the next decade to slightly more than 2,000 factories with over a million workers which, by 2004, became 4,000 factories with two million Bangladeshis working in textile factories -- is a success story that can best stand for women empowerment.

Way back in the 1990s, female workers accounted for only a quarter of the workforce. The female share of new employment in industry was 39% in the mid-1990s and eventually rose to 60% in 2000, and now more than 80% are women. Primarily because of the female participation in the economy, most of our figures look promising. Planning Commission suggests that poverty incidence is likely to have declined to less than 25% in FY14, compared with 31.5% in FY10. Employment and wage growth are likely to have boosted shared prosperity -- increased the income of the bottom 40%.

According to the UN Human Development Report 2014, Bangladesh has graduated from the Low Human

Development (LHD) category to the Medium Human Development (MHD) category. Income per capita has grown by 12.90% to \$1,190 this fiscal year to take the country closer to the middle-income bracket. In 2012-13 fiscal year, Bangladesh's annual per capita income rose to \$1,044 from \$923 after the base year was altered to 2005-06 from 1995-96 and, according to Planning Commission, the per capita income of Bangladesh will cross \$2,000 by 2021. Our country will be regarded a middle-income nation if it achieves at least an average per capita income of \$1,036 for three consecutive years, with the figures being inflation adjusted. The per capita income last fiscal year was \$1,044. So the possibility of Bangladesh becoming a middle-income nation by 2021, when the country celebrates its 50th year of independence, is an achievable dream.

What about our competitors? Possibilities of China slowing down on manufacturing and exporting garment seem to be remote as the Chinese are now concentrating on the Western region of the country. In 2013, only in textiles and apparel, a \$1.3 billion increase in US imports from China was reported and the total US import from China had shot to \$46.2 billion. One also needs to know what China is doing to create a sustainable industry. Chinese manufacturers today are pledging not to rely on cheap labour and poor environmental performance, but are attempting to assure competitive quality output to attract international sales. Chinese manufacturers believe that apparel businesses is no more going to be a race to switch from one low-cost producing nation to another, rather it is going to be an integral conversation on sustainability. In fact, for all of us, times are approaching when inexpensive labour is going to be a rare commodity. Times are approaching when innovation to improve efficiency will count the most and when transparency in supply chain will be the critical discourse in fashion and trading.

In a world that's changing fast, Bangladesh needs to embrace the fact that though US has gradually increased its imports from Bangladesh, there is still a lot to be achieved, and by no means should the country give up its hopes on the US imports increasing further. US imported goods worth \$5.4 billion from Bangladesh, a 9.0% increase (\$440 million) from 2012, and up 158% from 2003. In 2014, till September 2014, the total exports to the US stands at \$4.13 billion.

On February 11, USTR conveyed that the challenges that need to be overcome and convince the US of Bangladesh's willingness to further trade opportunities evolve around the issues of labour inspectors, collective bargaining and EPZ reforms. On that very same day, speaking at the hearing was our recent visitor from the US, Nisha Desai Biswal, Assistant Secretary of State for South and Central Asian Affairs at the State Department, who had said that the US would "continue to push for urgent reforms to improve worker rights and worker safety in Bangladesh." Improving labour conditions do not run contrary to the RMG sector's desire. Many changes have taken place in this country. Many are yet to happen. As long as the changes benefit the workers who are primarily women, there should be no resistance. Rather, instead of saying that we have achieved optimum compliance, if the sector maintains a transparent position and admits that much needs to be done and that we are progressing and that we fully commit to feasible deadlines, the suspicion of "not doing enough" will end and the progress then will be more likely to be viewed positively.

But the spoilers come from different quarters ridden with random comments from people in position that often send the possibility of increased trade with the US flying back to the rusty lamp, which only a genie shall ultimately control. Besides, who will be our Aladdin in the new act?

# Sustainable development economics

JEFFREY D. SACHS

TWO schools of thought tend to dominate today's economic debates. According to free-market economists, governments should cut taxes, reduce regulations, reform labour laws, and then get out of the way to let consumers consume and producers create jobs. According to Keynesian economics, governments should boost total demand through quantitative easing and fiscal stimulus. Yet neither approach is delivering good results. We need a new Sustainable Development Economics, with governments promoting new types of investments.

Free-market economics leads to great outcomes for the rich, but pretty miserable outcomes for everyone else. Governments in the United States and parts of Europe are cutting back on social spending, job creation, infrastructure investment, and job training because the rich bosses who pay for politicians' election campaigns are doing very well for themselves, even as the societies around them are crumbling.

Yet Keynesian solutions -- easy money and large budget deficits -- have also fallen far short of their promised results. Many governments tried stimulus spending after the 2008 financial crisis. After all, most politicians love to spend money they don't have. Yet the short-term boost failed in two big ways.

First, governments' debt soared and their credit ratings plummeted. Even the US lost its AAA standing. Second, the private sector did not respond by increasing business investment and hiring enough new workers. Instead, companies hoarded vast cash reserves, mainly in tax-free offshore accounts.

The problem with both free-market and Keynesian economics is that they misunderstand the nature of modern investment. Both schools believe that investment is led by the private sector, either because taxes and regulations are low (in the free-market model) or because aggregate demand is high (in the Keynesian model).

Yet private-sector investment today depends on investment by the public sector. Our age is defined by this complementarity. Unless the public sector invests, and invests wisely, the private sector will continue to hoard its funds or return them to shareholders in the forms of dividends or buybacks.

The key is to reflect on six kinds of capital goods: business capital, infrastructure, human capital, intellectual capital, natural capital, and social capital. All of these are productive, but each has a distinctive role.

Business capital includes private companies' factories, machines, transport equipment, and information systems. Infrastructure includes roads, railways, power and water systems, fibre optics, pipelines, and airports and seaports. Human capital is the education, skills, and health of the workforce. Intellectual capital includes society's core scientific and technological know-how. Natural capital is the ecosystems and primary resources that support agriculture, health, and cities. And social capital is the communal trust that makes efficient trade, finance, and governance possible.

These six forms of capital work in a complementary way. Business investment without infrastructure and human capital cannot be profitable. Nor can financial markets work if social capital (trust) is depleted. Without natural capital (including a safe climate, productive soils, available water, and protection against flooding), the other kinds of capital are easily lost. And without universal access to public investments in human capital, societies will succumb to

extreme inequalities of income and wealth.

Investment used to be a far simpler matter. The key to development was basic education, a network of roads and power, a functioning port, and access to world markets. Today, however, basic public education is no longer enough; workers need highly specialised skills that come through vocational training, advanced degrees, and apprenticeship programmes that combine public and private funding. Transport must be smarter than mere government road building; power grids must reflect the urgent need for low-carbon electricity; and governments everywhere must invest in new kinds of intellectual capital to solve unprecedented problems of public health, climate change, environmental degradation, information systems management, and more.

Yet in most countries, governments are not leading, guiding, or even sharing in the investment process. They are cutting back. Free-market ideologues claim that governments are incapable of productive investment. Nor do Keynesians think through the kinds of public investments that are needed; for them, spending is spending. The result is a public-sector vacuum and a dearth of public investments, which in turn holds back necessary private-sector investment.

Governments, in short, need long-term investment strategies and ways to pay for them. They need to understand much better how to prioritise road, rail, power, and port investments; how to make investments environmentally sustainable by moving to a low-carbon energy system; how to train young workers for decent jobs, not only low-wage service-sector employment; and how to build social capital, in an age when there is little trust and considerable corruption.

In short, governments need to learn to think ahead. This, too, runs counter to the economic mainstream. Free-market ideologues don't want governments to think at all; and Keynesians want governments to think only about the short run, because they take to an extreme John Maynard Keynes' famous quip, "In the long run we are all dead."

Here's a thought that is anathema in Washington, DC, but worthy of reflection. The world's fastest growing economy, China, relies on five-year plans for public investment, which is managed by the National Development and Reform Commission. The US has no such institution, or indeed any agency that looks systematically at public-investment strategies. But all countries now need more than five-year plans; they need 20-year, generation-long strategies to build the skills, infrastructure, and low-carbon economy of the twenty-first century.

The G-20 recently took a small step in the right direction, by placing new emphasis on increased infrastructure investment as a shared responsibility of both the public and private sectors. We need much more of this kind of thinking in the year ahead, as governments negotiate new global agreements on financing for sustainable development (in Addis Ababa in July 2015); Sustainable Development Goals (at the United Nations in September 2015), and climate change (in Paris in December 2015).

These agreements promise to shape humanity's future for the better. If they are to succeed, the new Age of Sustainable Development should give rise to a new Economics of Sustainable Development as well.

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# LETTERS TO THE EDITOR

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## Was it accident or murder?

The news of senior journalist Zaglul Ahmed Chowdhury's death on November 29 came to us as a shock. He was badly injured as he fell on the road while getting down from a bus at Karwan Bazar in Dhaka. I will not call this just an accident but a murder. It is a common practice among our bus drivers and helpers to force the passengers to get off the running bus in the middle of the road. Why don't the authorities take any measures to change this attitude of bus drivers and make it obligatory for them to stop the buses when passengers are getting off? And what were the other passengers doing when the reckless bus driver pulled away before he (Zaglul) got off the bus? Could they not stop the driver from doing so?

Thanks to Almighty, I am still alive! Nowhere on the roads of Bangladesh we are safe. After the death of Tareq Masud, we noticed the authorities became 'active', but only for a few days. Would the authorities please take some pragmatic steps to improve the situation?  
**Pradip Das**  
On e-mail

## Illegal poaching of migratory birds

Every year a huge number of migratory birds come to Bangladesh during winter. They fly from different parts of the world and cross many thousand miles to come to our beautiful land. The beauty of our country enhances with their glorious presence. But it is really heartrending that many



PHOTO: STAR

unscrupulous people hunt or catch these beautiful birds for selling them in the market, which is illegal in our law and unethical as well. These birds are our guests. We have gained a good reputation worldwide for our hospitality. So why can't we be a little more hospitable to our winter guests?

**Mahamudul Hasan Musha**  
Bangladesh Agricultural University  
Mymensingh

## Dangers of lower marriageable age for girls

Child marriage is a great problem our nation is facing. Early marriage means early pregnancy, which poses great risk to both the mother and the child's health. Despite this fact, the present government is considering lowering the minimum legal age of marriage of girls. This will no doubt change the statistics of child marriage in Bangladesh. But in a densely populated country like Bangladesh this decision will also cause to increase population. Worse, this population will be unhealthy due to malnutrition. And this will also affect our maternal and child mortality rate negatively. We would like to urge the government to change their position about this vital issue.  
**Shikha Das**  
Dhaka

## Comments on news report, "US for talks to end disputes," published on November 29, 2014

**Dr. Ahsan Habib**  
It reminds me of Khaleda's refusal to meet Pranab Mukherjee. This time what is Hasina afraid of? And is it not an insult to a respected visitor?

**Akm Fazlul Bari**  
Biswal always come to Bangladesh to interfere in the internal affairs of the country. She can get an appointment with our foreign secretary. Pranab Mukherjee is the President of India. There can be no comparison between Pranab Mukherjee and Biswal.

**Mortuza Huq**  
BNP needs to make a pledge very loud and clear that its current movement is to restore democracy in the country. If people choose Hasina in a free and fair election under a neutral government, will BNP happily accept Hasina as the PM? This will increase BNP's credibility as a democratic force and people will line up in this movement.

**Snr Citizen**  
If US can tangibly help starting the process of political dialogue and understanding, they should. But if it is trying to influence our internal matters then it is good to stay away.

**OpeeMonir**  
Interestingly enough, only a few days earlier we have observed the advocacy of Bina Sikri, the Indian diplomat. Here we see Nisha Desai Biswal meddling with our domestic politics and state affairs. It is a shame really.