

Of economic hopes and aspirations

MUHAMMAD ABDUL MAZID

In the 1950s and 1960s, a group of Bengali economists demonstrated how a 'two-economy' system was increasing the economic inequality between East and West Pakistan. The Six-Point Programme was a frontal assault on the foundation of Pakistan's colonial exploitation and authoritarian mode of governance. The general election in 1970 was fought on the basis of economic and political autonomy and inclusiveness, which reflected the legitimate demands of the people of the then East Pakistan. Bangladesh emerged out of a quest for economic and political emancipation -- where people's participation would be the key to development.

With the acceleration in the growth of per capita income, Bangladesh has made considerable progress in poverty reduction. During the 1990s, the national incidence of poverty declined from nearly 60% to about 50%, which came down to about 40% in the following five-year period.

Bangladesh has achieved robust and sustained growth of export earnings, and exports

have become an ever more important part of the economy. While exports accounted for around 5% of the economy in the post-war years, they account for over 20% now. Remittances from migrant workers have emerged as a major factor, amounting to over 10% of the economy in recent years. During the same period, Bangladesh moved from aid dependency to self sufficiency as total exports of goods and services were more than six times the foreign aid it received in recent years. However, to what extent has such growth in national earnings added to human welfare?

Experience suggests that if our economy grows faster, more people will flock to the cities. Dhaka in particular has gone from being home to 2% of Bangladeshis to 10% in the past four decades. Lack of decentralisation is causing increasing inequality in income earning, where residents of Dhaka and Chittagong are earning way more than those living elsewhere. If we are to adequately address the triple challenge of poverty, unemployment and inequality, we have to generate meaningful economic activity in villages and rural towns. Boosting small business in these areas is a way of achieving this goal.

Bangladesh should focus on enterprises in tourism, construction, agriculture and cultural industries, as well as information and communications technology. The enterprises that are owned by medium and small scale entrepreneurs, disabled persons, women as well as the youth should be supported. There has been increasing involvement of the corporate sector, organised business, labour, private financing institutions, NGOs, universities as well as our international partners. They all spread the same message of the need to nurture small business, which is the engine of growth and development.

There are three key pillars in our small business strategy. These are financial and business development support services, procurement support, and improved regulatory environment. A key factor is access to finance. There has to be improved service to small businesses, and a one-stop shop for funding. The availability and cost of funding to small businesses is vital but not sufficient. More needs to be done to strengthen technical skills and promote market access. They will support small businesses and establish a business hub to provide technical assistance to small and

medium enterprises, which could be extended to export promotion.

Amidst all these achievements, the rise in inequality in the distribution of income is a concern. After all, the dream of economic emancipation through alleviation of economic inequality was one of the driving forces of our independence. Regrettably, there has been an increase in inequality in income distribution from the mid-1980s. Gini coefficient, a measure of the inequality of wealth or income distribution, stood at 33.12 in 2010 from 33.22 in 2005. It was 25.88 in 1984 and went up to 33.46 in 1996. A small section of the society enjoys most of the country's wealth, depriving the larger section. Income share held by the highest 10% increased from 21% in 1984 to 27% in 2010. Income share held by the lowest 10% decreased from 4.13% to 3.99%.

The pattern of distribution of income can be perceived from percentage share of income of household by docile groups. The gap between the poorest (bottom 5%) and the richest (top 5%) is extremely high. In 2005, the income accruing to top 5% of the households was 26.93%, whereas it was 0.77% for the bottom 5% households. In 2000, income

accruing to top 5% of the households was 28.34%, whereas it was .93% for the bottom 5%. It decreased from .93% in 2000 to .77% in 2005, while the share of income of the top 5% decreased from 28.34% to 26.93% over the same period, indicating that income was accruing at the middle level.

Though macroeconomic and social indicators show that Bangladesh has been better off in some sectors as an independent nation, it is far behind in achieving its primary goal of alleviating economic and political inequality. Macroeconomic growth contributed to higher national income, but growing income inequality needs to be addressed. Geographically centralised industrialisation has contributed to a higher flow of domestic migration and export of goods and services, helping the national economy gain self-sufficiency. It is essential to safeguard rights of the workers, the ordinary people and the marginal poor as well. The economy cannot gain independence with the growing income inequality, or the suffering of the industrial workers and of the farmer who does not get good price for his produce.

The writer is a retired Secretary and former Chairman, NBR.

NO TIME for complacency

TAMANNA KHAN

I do not know much about any religion let alone Islam. But after what happened on December 16, at the Pakistani school, I am wondering which Islamic holy book or law legalised the killing of 'enemy's children,' unarmed and unprepared, in retaliation for the torture carried out by the 'enemy.' The question arose in my mind while reading Tehrik-e-Taliban spokesperson's remark that they targeted the school to make the Pakistani government feel their pain of losing their loved ones in military attacks.

tude passed over me. I thanked the Almighty for my birth in an independent, sovereign nation which is not part of Pakistan, a terrorist's haven.

But the feeling did not last long. An anxiety crippled my mind, when I remembered that there are people in my country who support and follow the sick and perverted ideologies of Tehrik-e-Pakistan. What if they feel encouraged by these heinous acts and follow the footsteps of the Taliban? Another chilling truth is many of them run religion-based education institutions such as the Qawmi Madrasas, with no state monitoring. How do I know that these people are not injecting the poison of hatred into the minds of young children studying in those institutions?

Once in a while, when bomb blasts take place in one of these institutions or bomb making materials are found in possession of madrasa students, we become concerned as to what purpose those deadly objects serve in 'educational' institutes. Can bomb making be part of a religious curriculum? Learning such craft may perhaps be justified if the learner has the mental capacity to understand the dangers such knowledge possesses and can make correct judgements about where, when and against whom such deadly objects can be used. Equipping one with such knowledge may not be harmful, when the person understands and appreciates the value of a diverse and inclusive society, where every human being irrespective of their race, colour, religion, ethnicity, gender, can live their lives the way they want, without harming others.

In fact, I fail to understand how fundamentalists preach or teach their students the need to make everyone follow a certain religion, a certain way of life, when the Creator they pray to did everything possible to make the world as colourful, as diverse as varied as possible. And the Creator made human beings, the creation with intellectual ability that can add more new objects to this world, not destroy and reduce variety (though this is what we have been doing all the time)! If one appreciates the Creator's work, how can they expect human beings not to be different, not to have different views, different ways of life, language and culture? How can gangs like Tehrik-e-Taliban and others who follow and support them kill the very creation of the Almighty, hoping to establish the Almighty's rule, which in actuality celebrates diversity.

I wonder which religious faith encourages such practice. However, if this is what's being taught in the madrasas of my country, then we should do something about it immediately. I have no objection to madrasas if they produce pupils like Kazi Nazrul Islam, our national poet, a man of creation whose first education was obtained from a village maktob, but if it produces men like Hayatullah, Tehrik-e-Taliban chief, then there is no reason for us to feel complacent about not being a part of Pakistan. It is time we try and save our children from the polluted air of terrorism in the name of Islam as well as militarism and autocracy which fan such perverted ideologies.

The writer is a reporter, The Daily Star.

A European drama

Why is Chancellor Angela Merkel annoyed with EU's central banker?

ABDULLAH SHIBLI

ANGELA Merkel, Chancellor of Germany, Europe's largest economy, is on a collision course with Mario Draghi, President of European Central Bank (ECB). Mr. Draghi has been urging European countries to abandon the strict diet of fiscal discipline and tight monetary control and undertake economic policies to stimulate their economies. Ms. Merkel, on the other hand, is encouraging her fellow European leaders to stay on course and let the easy monetary policy and other forms of economic aid, which are in the pipeline to run through its course, before letting go of fiscal discipline. This is a high-stakes game and the outcome may have widespread ramifications in light of recent evidence that the European Union countries have been struggling with high unemployment, slow economic growth, and increased possibility of "triple-dip recession."

Recent economic forecasts have lowered the growth rate of Eurozone countries, i.e., the 18 countries that use the Euro as legal tender, from 1.2% to .8%. Mr. Draghi and ECB are now nervous about the possibility of a period of stagnation and deflation with the possibility that many of the large economies, excluding Germany, might find themselves bogged down in another cycle of low inflation and stagnant economic growth. Germany, fortunately, has been able to keep out of trouble, and Chancellor Merkel is advocating fiscal responsibility across the board, but particularly keeping an eye on Greece, Spain, Italy, and France.

The tension between these two sides, ECB and Germany, has heated up with Mr. Draghi encouraging Germany and other European countries to undertake expansionary fiscal policy and indicating that it is on the cusp of another round of quantitative easing as pursued by the US Federal Reserve System during 2009-2013 to buy sovereign debt with newly created Euros. Since ECB has already cut short-term interest rates to almost zero, and in some instances to negative rates, it is looking for instruments to keep Eurozone economies from stalling.

Angela Merkel and the parliamentarians in Berlin, along with Jens Weidmann, the president of Germany's central bank, Bundesbank, and his central bankers, in contrast see the concern voiced in ECB and the International Monetary Fund (IMF) as somewhat unnecessary fear mongering, and see great long-term benefit in continuing on the current path of fiscal discipline. Given Germany's fear of hyperinflation which date back to the aftermath of WWI, Merkel and Weidmann see the risk of hyperinflation that might ensue and consider the practice of printing money to buy government bonds as tantamount to reckless and suicidal behaviour.

The tension between ECB and Germany came to head a few months ago when German Constitutional Court ruled that the easy monetary policy of ECB, known as Outright Monetary Transactions (OMT), exceeds the mandate given to ECB. The Court listed a number of reasons why OMT may interfere with economic policy reserved to Member States. The matter was then referred to European Court of Justice and a ruling is expected early next year. Whichever way the ECJ rules, Germany will keep its options open and will likely throw more legal hurdles in the way of ECB's

authority and even use the threat of breaking away from the Eurozone and revert to using the Deutsch Mark. Angela Merkel is not alone in her opposition to ECB's firefighting power. Luxembourg's Yves Mersch and France's Benoit Cœuré are both reported to be against government bond purchases, i.e., QE. They agree that easy money policy will be a disincentive for governments which ran fiscal deficit and accumulated debts in the past to continue with their reform programmes.

In recent weeks, it is Mario Draghi who seems to be winning with support coming from economists in America, US Treasury and IMF, among others. There is now a consensus among economists in the USA and UK that Europe faces an imminent threat of deflation and recession and there is an urgent need for both monetary and fiscal stimulus to forestall these twin threats. Many are worried that if Europe falls into what is now called triple-dip recession, an entire generation will face high unemployment and declining standard of living. Even Nobel Prize winning economist Paul Krugman threw his weight behind the call for QE. He labeled Germany as the bad guy among European nations for exercising too much fiscal restraint. A US Treasury report similarly argues that Germany's huge trade balance is "creating a deflationary bias for the euro area, as well as for the world economy." It is reported that in October Germany had a surplus of €21.9 billion, or 8.25% of its GDP, and according to some estimates Germany's exchange rate is undervalued by 5% to 15%. There is now almost a chorus among economists and European officials calling for Germany to stimulate domestic demand and reduce exports, thereby promoting growth in the rest of Eurozone.

In the latest round of jousting, Draghi announced on December 4 that he might initiate new measures to stimulate the economic juggernaut. He sounded defiant when he said: "We don't need to have unanimity. It's an important monetary policy measure. It can be designed, I believe, it can be designed to have a consensus. I'm still confident, but we have to remember that we have a mandate, and as I said before, we don't tolerate deviations from our mandate that would cause ultimately a tightening, an unwanted tightening, of our monetary policy."

German officials believe that "years of frugality and sacrifice have led to a strong economy, a full treasury and predicted budget surpluses." Its European partners could reap the same harvest if they only follow Germany's example. In recent months, Ms. Merkel appears to have softened her stance as bad economic news keep pouring in, and even Germany's leading economic institutions have warned that German economy is stalling. She is also being pushed by domestic pressures to adopt policies that would actually be welcomed by most economists, the United States Treasury and many leading European officials, who have long argued that Germany needs to balance growth in the euro zone by stimulating domestic demand and reducing its dependence on exports.

Whether she can carry the rest of German financial and political establishment needs to be seen.

The writer is an economist who writes on international economic issues.



I fail to understand how fundamentalists preach or teach their students the need to make everyone follow a certain religion, a certain way of life, when the Creator they pray to did everything possible to make the world as colourful, as diverse as varied as possible.

The 132 children murdered in cold blood were not part of a war 'casualty.' Like Israel, which bombed Palestinian schools and hospitals this year in suspicion of terrorists hiding in them, Tehrik-e-Taliban did not go inside the Peshawar school in search of their enemy, the Pakistani army. It was a normal school, where children aged 5 to 17 studied. It was not an army training academy! Tehrik-e-Taliban sent their squad to that school with the specific objective of killing the children.

Unlike the Nigerian terrorist group Boko Haram, they did not take any student hostages, so that they could get into some kind of negotiation with the Pakistani government later. Had they taken the students hostage, the parents of the 132 children could have held on to some kind of hope about their offspring being alive, just as the parents of the 300 Nigerian girls continue to hope for their return.

They killed the children! They killed them right in front of the eyes of their class mates, other children of the schools, who would have to carry this traumatic memory all through their lives and live in fear and perhaps hatred, hopefully not against the religion Tehrik-e-Taliban claim to follow, but against the terrorist group's crooked ideology.

Coincidentally, we in Bangladesh were celebrating our 44th Victory Day on the same day when the school massacre took place more than 2,000 kilometres away. We were celebrating our freedom from that very land. When I saw the news on television, a strange sense of relief and grati-

CORRECTION

In the December 20 issue the titles of the articles by Barrister Harun ur Rashid and Mr. Hamid Mir were inadvertently switched. We regret the error.

QUOTABLE Quote
The strength of a nation derives from the integrity of the home.
Confucius

CROSSWORD by Thomas Joseph

- ACROSS**
1 Melting snow
6 Less than right
11 Spotted horse
12 So far
13 Accessory
14 Skier's spot
15 Tied up
17 Reduced amount
18 The going rate
20 General Bradley
22 Weaver's creation
23 Pope since 2013
26 Make blank
28 Movie action
29 Kilt patterns
31 Numbered rd.
32 Simple
33 School event
34 Witch creation
36 Yarn
38 Like some eclipses
40 Lively dance
43 Texas player
44 Mink's cousin
45 Snappish
46 Tough puzzle
- DOWN**
1 Restful resort
2 Pot part
3 Bras and briefs
4 Burner setting
5 Give an edge
6 Pac.'s counter-part
7 Engine fluid
8 Suggestions
9 Clothing
10 Flock females
16 Negative link
18 Stew
19 Mystique
21 Church event
23 Dread
24 Fond of
25 Rose part
27 "Rear Window" star
30 Court divider
33 Student of Socrates
34 Raucous sound
35 Trick
37 Resting on
39 Singer Orbison
41 "My word!"
42 Bruins legend

CRYPTOQUOTE 10-23
LAQSQ MO W UAMHG MP QCCST JPQ JY QO
VAJ MO OLMHH W LSMUD JLS LSQWYS
HJJDMBP YJS W XSMBALHT HML YSJPL
ZJSUA.
- SJXQSL XSWKHL

Yesterday's answer
ACID SCARES
ROME ERRATA
APPS MEETAT
LYRICIST
ERA THEME
ONSET SAMOA
POST POT
AVERT BIRDS
LASER AGE
SANDUSKY
PUMICE ASIA
ASIDES NECK
LATEST ASKS

Yesterday's Cryptoquote: NOT ALL READERS ARE LEADERS, BUT ALL LEADERS ARE READERS.
- HARRY S. TRUMAN

BEETLE BAILEY by Mort Walker
SARGE JUST SCARED THE SOCKS OFF BEETLE!
I ALWAYS THOUGHT THAT WAS JUST AN EXPRESSION

HENRY by Don Trachte
BEANS RADISHES
ONIONS