

Invest in people

Selim Jahan, director of Human Development Report Office at the UN, puts emphasis on improving skills

REJAUL KARIM BYRON and SARWAR A CHOWDHURY

EVERYONE talks about physical infrastructure as a prerequisite for higher economic growth and prosperity, but an internationally renowned human development analyst puts similar importance on social infrastructure for sustainable growth and progress.

Bangladesh needs to focus on both physical and social infrastructure; by neglecting one, sustainable growth and progress cannot be achieved, said Selim Jahan, director of the Human Development Report Office at the United Nations.

A country may have all kinds of good roads, buildings and beautiful production lines with all modern machinery, but if it does not have skilled workers or the social infrastructure, these would remain as just buildings, he added.

He defined buildings, roads, highways and bridges as physical infrastructure, while education and healthcare are some of the examples of social infrastructure.

Investment should be made in both physical and social infrastructure in a balanced way.

"If you don't develop human resources, increase their efficiency, effectiveness and skills, what are you to do with the physical infrastructure? Similarly if you have all kinds of social infrastructure, but if there is no way of marketing your products, no way of mobility from one place to another and no way of connectivity, then it will not work."

Also the lead author of the Human Development Report 2015, Jahan shared his views and experiences in an exclusive interview with The Daily Star recently.

He was in Dhaka to release the report, where Bangladesh's ranking remained static at the 142nd position out of 188 countries.

Rather than focusing on the ranking, he preferred to look at the value of the Human Development Index (HDI). In 1990, the value of HDI in Bangladesh was 0.386, which reached 0.570 in 2014, registering a rise of around 48 percent. "That's a big jump."

"The rank may change or not, depending on how others are doing. If five countries are not included in the index, Bangladesh's position will go up five or six notches. Does it mean that we have made progress? No, because it is a relative thing," he said.

He said Bangladesh's economic growth rate as well as per capita income over the past 20 years was lower than that of India and Pakistan.

But life expectancy and female literacy rates in Bangladesh are better than in India and Pakistan, while the under-five child mortality and school dropout rates are lower than those countries. "We have achieved all these things with a lower growth rate and with a lower per capita income -- that's a huge achievement."

"If we take everything into consideration, we can say that we have done better in translating income and economic growth into human lives and human welfare compared to India and Pakistan."

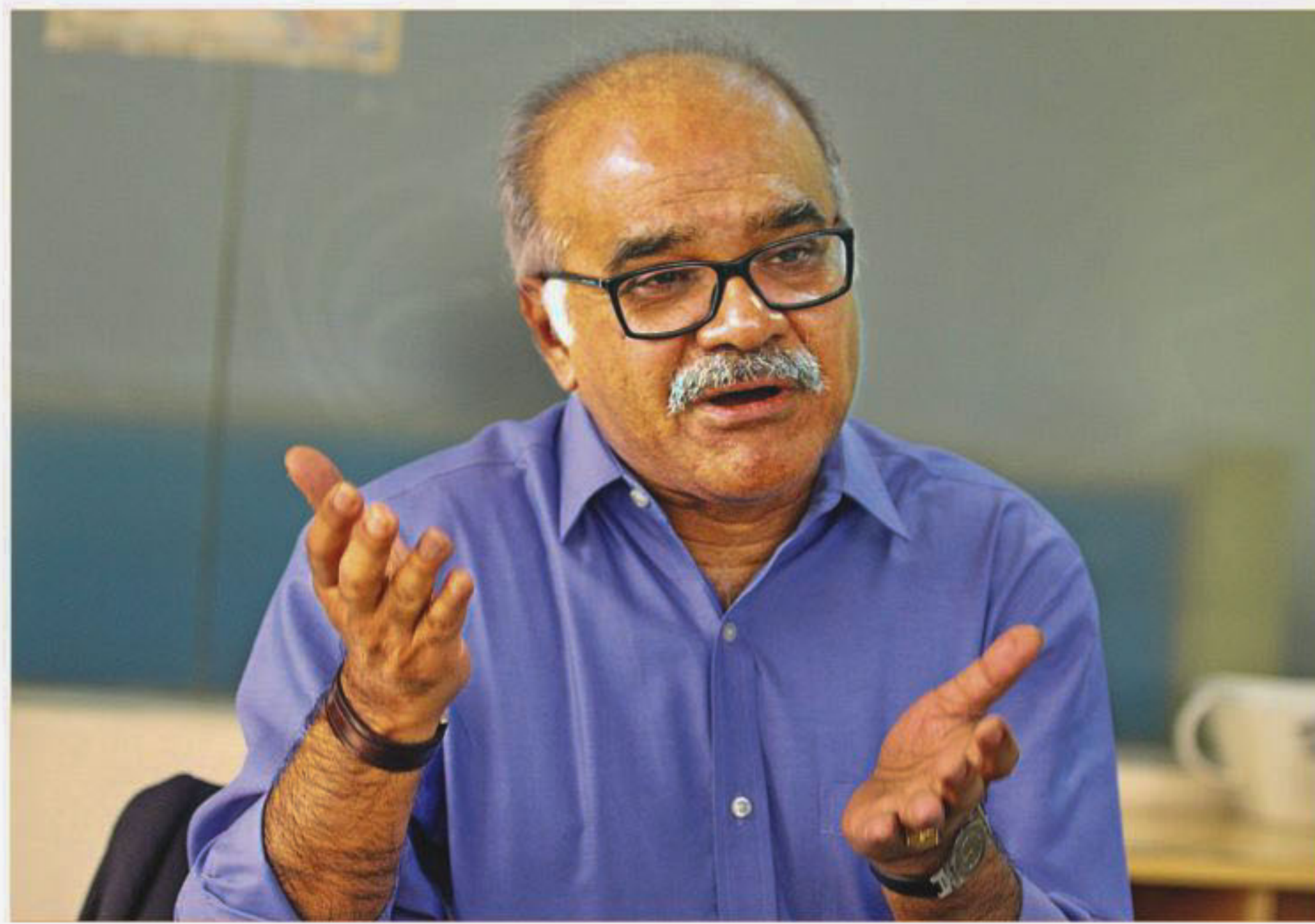
Jahan said human development is the development of the people, for the people and by the people. Development of the people means developing the capabilities of the people; development for the people means fruits of development should be equitably distributed among different groups of people, and development by the people means peoples' active participation in the decisions, which shape the development process, he said.

Elaborating human development, he defined it as the 'enlargement of choices'.

Every day people make choices in different atmospheres, for example, political choices, social choices and cultural choices, he said. "We make different choices at an individual level, at the community level and at state level. So, we see development as a process of enlarging these choices."

But to exercise the choices, one needs to have capabilities. "You have to be capable of making these choices. You have to be educated, you have to have better health and you have to have political space."

On the other side of the equation is opportunity. "Suppose, you have built your capabilities, but there are very restrictive opportunities, whether it is in terms of participation in



Selim Jahan

the labour markets or participation in the social process or participation in the political process. So you don't have opportunities."

On the debate between development and democracy, Jahan said democracy has an intrinsic value and an instrumental value.

"It has intrinsic value because democracy should be valued for democracy itself. Human rights have an intrinsic value because we have to respect human rights for human rights itself. So, I value democracy for its intrinsic value. There has to be democracy in a society."

But the question is, whether democracy facilitates economic growth or not. "If democracy helps economic growth, that's fine. But if democracy does not have any link with economic growth, that's also fine. Because democracy itself is valuable."

Democratic participation is a part of human development, he said. "Because we are looking at human development where people are not only recipients of the economic fruits or development, but they are

also active participants in the process."

He believes democracy is not all about polls. "Democracy is a kind of creating political space where people can participate to voice their concerns and views, where people can participate to shape the things that actually affect their lives."

Jahan is hopeful about Bangladesh as he sees vibrancy and dynamism within the country. "Everybody is doing something. There is a life that is going on. Somebody is selling fruits, somebody is selling clothes and somebody is doing something else. And that's not typical of Dhaka, that's typical of other cities as well."

Although Bangladesh is emerging as a major economic power in the world, three things can make a difference for the country, and empowerment comes first. "Because of the work of the media, NGOs and policies by the government -- women's empowerment is the big issue."

Whether it is social life or human life, women have a large part to contribute. "It's

true that there are disparities, cultural norms and social norms that go against women, but we are trying to overcome those things."

Women are more prudent investors and that has been proven in many parts of the world, said Jahan. "If you give a certain amount of money to men, the first thing they will do is either buy a motorbike or buy a cell phone, or do something else. If you give the same amount of money to women, they will first buy food that is more nutritious for their children and secondly, they will send their children to school."

The second thing that will make a difference in Bangladesh in terms of progress is the civil society and the non-governmental organisations. "It's not the NGOs in the traditional sense. The media, academics, the research institutions are a part of the civil society."

Bangladeshis are more conscious of their rights, more educated and more enlightened, he said. "You may be highly educated but may not be enlightened," he said, adding that the civil society and its growth would be a major factor here.

Finally, he said, creativity and innovation would be a driving force for the economic growth and human development of the country.

Jahan suggested the youth equip themselves with the right skills. "In a globalised world, there would be a lot of opportunities for the younger generation if they equip themselves with the right skills."

The right skill is not only good education from a good university. "Nowadays, if you want to work at a globalised work place, you would also have to have good knowledge and a grasp of the global things -- what is happening in different parts of the world, what is happening economically, socially and politically in different parts of the world. That's also a part of your knowledge base."

There is no alternative to hard work, he added.

Hard work is a necessary condition to have that kind of global opportunities, he said. "Nobody can empower anybody else. You empower yourself and you disempower yourself."



REUTERS/FILE

Customers hold the iPhone 6s during the official launch at the Apple store in Australia.

Apple expected to cut iPhone 6S, 6S Plus production

REUTERS, Tokyo/Taipei

APPLE Inc is expected to cut production of its latest iPhone models by about 30 percent in the January-March quarter due to mounting inventories, the Nikkei reported, rattling the nerves of investors in the US giant's Asian suppliers.

As inventories of the iPhone 6s and 6s Plus have piled up since they were launched last September, production will be scaled back to let dealers go through their current stock, the business daily reported.

The report prompted a 2.5 percent drop in Apple shares, which have lost about a quarter of their value from record highs in April, reflecting worries over slowing shipments. Shares in the mainly Asian makers of the iPhones' screens and chips were also sharply lower on Wednesday.

"This is an eye-opening production cut which speaks to the softer demand that Apple has seen with 6s out of the gates," FBR Capital Markets analyst Daniel Ives said. "The Street was bracing for a cut but the magnitude here is a bit more worrisome."

Apple was not immediately available for comment but some Taiwanese suppliers pointed to falling sales, a rare holiday break and a government subsidy as evidence of the gloomy outlook.

"The slowing down of the market is the truth," one Taiwanese supplier said, requesting anonymity because they did not comment on specific clients or confidential agreements.

In China's Henan province, the Zhengzhou capital city government said in

a statement on its website this week it had awarded 82 million yuan (\$12.53 million) in subsidies to companies under Foxconn, a major iPhone assembler.

Officially called Hon Hai Precision Industry Co, Foxconn employs hundreds of thousands of workers in the province, and a subsidy of this kind suggests the government is concerned about the company's ability to maintain its workforce, analysts said.

Another Taiwanese supplier said Foxconn had granted its factory workers time off around Chinese New Year, which falls on February 8, rather than follow its past practice of paying overtime to keep its production lines humming through the biggest holiday in China.

Hon Hai declined to comment on the issue.

Hon Hai closed down 0.1 percent, but had been trading earlier at lows not seen in over four months.

Among LCD panel makers, Japan Display Inc fell 4.7 pct while LG Display Co Ltd fell 3.4 percent.

TSMC, the world's largest chipmaker and which has supplied some of the chips used in Apple iPhones, fell 1.8, while another Taiwanese assembler, Pegatron Corp, ended 5.7 percent lower.

Other suppliers such as Japan's Murata Manufacturing Co Ltd, Alps Electric Co Ltd and TDK Corp fell by 3 or 4 percent.

Production is expected to return to normal in the April-June quarter, the Nikkei reported.

However, Patrick Moorhead, an analyst at Moor Insights & Strategy, said he was a bit skeptical about the production cut reports.

Huawei's 2015 smartphone shipments jump 44pc, cross 100m

REUTERS, Hong Kong

Huawei Technologies Co became the first Chinese handset vendor to ship more than 100 million smartphones in a year when its 2015 shipments defied a market slowdown and jumped 44 percent, thanks to strong sales domestically and in Western Europe.

Shenzhen-based Huawei disclosed on Wednesday it shipped 108 million smartphones last year, as it sought to shed its budget supplier image to target higher-margin premium models. In comparison, the global industry is expected to have grown at a single-digit rate in 2015 for the first time.

Huawei's upbeat performance comes at a time when industry leaders Samsung Electronics Co and Apple Inc are potentially facing a tough year ahead.

Standard Chartered among banks in China forex ban

REUTERS, Shanghai

STANDARD Chartered is among three lenders that China's central bank last week suspended from conducting some foreign exchange business until the end of March, two sources with direct knowledge told Reuters on Wednesday.

Reuters reported on Dec. 30 that China's central bank had suspended Deutsche Bank and two other lenders from conducting some of their foreign exchange business, China's latest bid to stem capital fleeing the country in the face of a weakening yuan.

The notices sent to banks did not give a reason for the suspension, but the sources for that story said their banks might have been targeted due to the large scale of their cross-border forex businesses.

One of the sources for the involvement of Standard Chartered, which is currently in the middle of a global restructuring, said the bank has asked the People's Bank of China to shorten the suspension.

A spokesman for Standard



REUTERS

A woman walks past an office of Standard Chartered in London.

Chartered declined to comment. When contacted by Reuters last week, Deutsche Bank declined to comment.

China's central bank did not respond to requests for comment.

Standard Chartered made \$720 million from foreign exchange trading globally in the first half of 2015, according to its half-year

financial statement, equivalent to 8.5 percent of the lender's total operating income.

Chinese authorities are starting to police the nation's foreign exchange market in a way currency traders have rarely seen before, levying penalty payments for aggressive trading and prompting some banks to turn down business.

Oil hits 11-year low

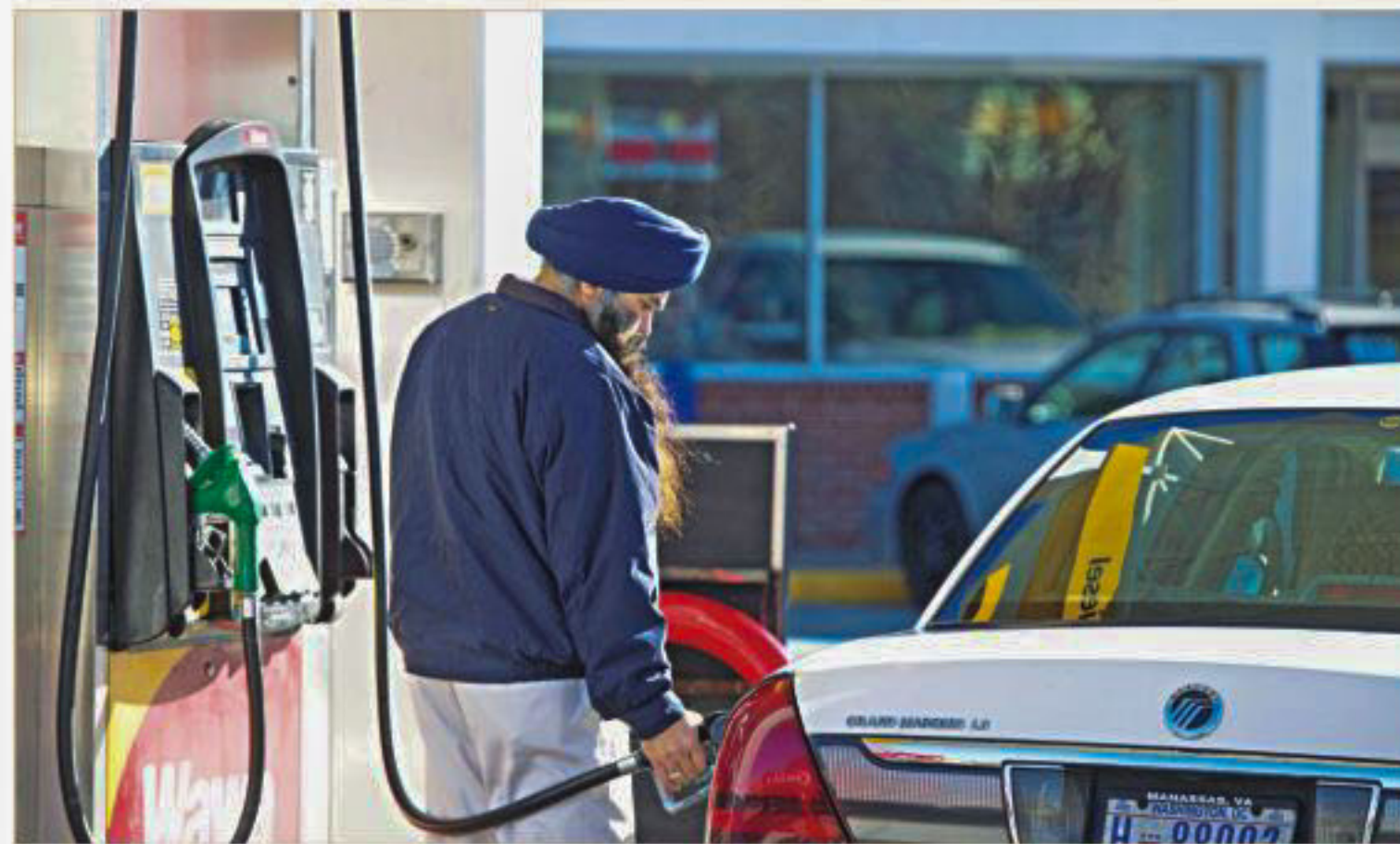
REUTERS, London

OIL prices hit their lowest in over 11 years on Wednesday, as the row between Saudi Arabia and Iran was seen making any cooperation between major exporters to cut output even more unlikely.

Evidence of slowing economic growth in China and India has fuelled fears that even strong demand elsewhere may not be enough to mop up the excess crude that has resulted from near-record production over the last year.

The furore over Saudi Arabia's execution of a Shi'ite cleric has stripped nearly 8 percent off the price of oil in the last three trading days alone and has killed speculation that OPEC members might agree on production cuts to lift prices.

"There are rising stockpiles and the tension between Iran and



AFP

A man fills his car with gas at a fuel station in Woodbridge, Virginia.

Saudi Arabia make any deal on production unlikely," said Michael Hewson, head of strategy at CMC Markets.

Benchmark Brent crude futures were at \$35.07 a barrel at 1120 GMT, down \$1.35 on the day, and at their lowest since early July

2004, having staged their largest one-day drop in percentage terms in nearly five weeks.

US crude futures were down 88 cents at \$35.09 a barrel after already slipping 79 cents the previous day.

Oil has slumped from above

\$115 in June 2014 as shale oil from the United States has flooded the market, while falling prices have prompted some producers to pump even harder to compensate for lower revenues and to keep market share.

Adding to this oversupply, Iranian oil exports are widely expected to increase in 2016 as Western sanctions against Tehran for its alleged nuclear weapons programme are likely to be lifted.

"Shale production and increasing capacity from countries like Russia who need to protect revenue combined with expectations of further Iranian supply mean actual production as well as expectations of future production are rising," Hewson said.

Still, a senior Iranian oil official said the country could moderate oil export increases once the sanctions are lifted to avoid putting prices under further pressure.