

Is economic uncertainty the latest norm?

DR. ABDULLAH SHIBLI

WHAT is happening in the world today? An apt manner to describe the current economic situation and future prospects is to paraphrase Charles Dickens who wrote, "It is the best of times, it is the worst of times." As I reflect on the economic problems we face at the beginning of 2016, I am reminded of that memorable paragraph that Dickens wrote to begin his book, A Tale of Two Cities. Are there any similarities between today and the times that Dickens was referring to, you may ask? And you might have correctly guessed my answer: sort of. The change in the landscape we witness is a reflection of contradictions everywhere: war in the Middle East and peace in South Asia; prosperity in South Asia but uncertainty and hard times in East Asia and South America; lower unemployment in the US, in sharp contrast to increased poverty outside the "prosperity belt". The central theme that emerges from the forecasts and hard data is that we might be settling in for some uncertain times.

What are the lessons from last year, and what can we expect then for the next year? Even at the cost of sounding simplistic, a few themes strike out: we have to keep an eye on the world markets; the behaviour of economies that are in the midst of turmoil, including the European Union, oil-rich Middle East, Brazil, China, and Russia; and most importantly, learn to cope and live with volatility and uncertainty. It appears that three key variables are responsible in keeping central bankers and finance ministers on the edge: the



rate of inflation, uncertainty of oil prices, and the Chinese GDP growth rate. Inflation in recent times has been very low and almost predictable. However, even in its dormant state, the rate of inflation has been playing an inordinately huge role in two major global regions, the US and the European Union. It is almost like the rate of inflation is dictating monetary policy even when it is low, almost in a state of hibernation. European Central Bank's President Mario Draghi has been railing against low rates of inflation in European countries, and recently gave a very power-

ful speech along the lines of Hamlet's soliloquy "To be or not to be" in defense of ECB's determination to fight the low inflation level. At the Marjolin lecture, organised by the Deutsche Bundesbank, Frankfurt, on February 4, 2016, Draghi said, "There are forces in the global economy today that are conspiring to hold inflation down."

The US economy is also suffering from the same malaise as the EU countries, viz., deflation. The level of inflation has been low (i.e. below the targeted 2 percent), and with decreasing oil prices and a strong dollar, it

appears that inflation is defying all attempts to stoke it up a little. But, why is the Fed so keen on a higher level of inflation? Because a lower inflation only reflects some structural weakness in the economy, and is thwarting the Fed's well-publicised plan to raise the interest rate. The most interesting development in recent weeks has been the open disagreement between two Fed governors on the possible path inflation might take in the USA! On March 7, 2016, Vice Chairman Stan Fischer, a distinguished economist, said that inflation may be starting to move up

from the current low levels. "We may well at present be seeing the first stirrings of an increase in the inflation rate—something we would like to happen." Another fellow Governor of the Fed, Lael Brainard, expressed her doubts on the same day. She "expressed uncertainty about whether an improving job market would be enough to bolster inflation, given persistently low oil prices and a strong dollar". Interestingly, these two members of the Federal Reserve Board use the same models, share a distinguished team of crack economists at the Fed, and probably read the same reports, but differ on the inflationary outcomes!

As for oil prices, there is not only increased variability but also greater uncertainty. A US Department of Energy forecast on March 8, 2016, articulates this heightened level of uncertainty very succinctly: "Crude oil prices began to increase during the second half of February in response to potential future supply reductions and better economic data in the United States. Discussion of a potential plan to freeze production at January levels among leading Organization of Petroleum Exporting Countries (OPEC) and non-OPEC oil producers may have contributed to some covering of short positions ahead of a long weekend in US markets. Such a plan, if adopted, could help support prices but recent statements suggest that such collaboration is not imminent."

And this is not just an extreme view. There is now a consensus that while prices are likely to remain low in the short term, crude oil prices will exhibit the same level of volatility we have seen in the last six months.

Let us now turn to the thousand pound gorilla in the room, which

undoubtedly can be singled out as China and its GDP growth prospects. China has been buffeted over the past year and a half by strong headwinds as it races to become the world's largest economic power. Major structural changes notwithstanding, China's economy will continue to lurch forward at an average growth rate of 6 percent, and there are renewed fears of labour unrest, excess capacity, and flight of capital. Nobel Prize winning economist Michael Spence, in an opinion piece co-authored with Fred Hu, dourly predicts that "China's current bout of economic volatility is likely to persist though increased transparency could do much to blunt it."

So finally, what does all this uncertainty mean for Bangladesh? While we can still count on our GDP getting a boost from domestic consumption fuelled by higher salaries, our external exchange purse may face some strains from dual uncertainties. Bangladesh's foreign exchange earnings have two key components: exports of RMG and remittances from abroad, particularly from Saudi Arabia and the Gulf states. Both of these areas are subject to the vicissitudes of external shocks. During a recent press briefing, a spokesperson for the Global Research team of Standard Chartered Bank said, "We are positive over the medium term. But all the global view will have a bearing on Bangladesh because it is quite exposed to the European Union and US in terms of exports." For Bangladesh, the challenge is to keep an eye on the multiple uncertainties lying ahead and manage them to our advantage.

The writer is an economist and author of a recent book, Economics is Fun. Short Essays for the Masses.

Female leadership and education: What's the relation?

ROZINA AKHTER TOMA and TAZLINA ZAMILA KHAN

ONE of the most consistently documented relationships in the field of political behaviour is the close association between educational attainment and political participation. For some scholars, the reason for this relationship is clear: education gives citizens the skills and resources needed to participate in politics. American socialists Burns, Scholozman and Verba identified direct and indirect effect of education on political participation of men and women in the United States of America after decades of research. According to their findings, as direct effects, education enhances knowledge and skills regarding public debate, political analysis and current affairs which in turn motivate political participation.

In many societies in East Asia, enhancement in women's education, health and well-being has been achieved, yet women's political participation is considerably lesser. South Asian countries show impressive achievements in women's political participation. However, in this region, women whose positions are at a higher or national level seem possible due to having male mentorship or familial connection. Male politicians play important roles in exercising gender prejudices by allowing female relatives to be the members of parliament without systematic consideration of electing them. The deeply-rooted patriarchal society and cultural life are also found to create obstacles to women's political participation in South Asia, according to American sociologist Gail Omvedt.

There are two key factors, education and economic opportunities that provide resources and contacts for political activities. The higher the endowment of these two factors, the more the possibility of involvement in political participation. Women from Mongolia and Japan have higher education attainment but due to lack of educational advantages in achieving economic outcomes, women's political participation is not significant at all. In case of South-east Asia, education attainment by women is less than significant but economic empowerment has taken place where women are involved in factories and entrepreneurship. However, economic empower-

ment has not been able to lead to significant political empowerment in this region. The scenario of South Asia in this field is quite different than others. Money, power and political networks these three factors play a vital role in engagement in politics. It is important to stress that

which in turn influences political participation. Similarly, the relative education model, also referred to as the sorting model, asserts that education influences political participation through social status.

In case of Bangladesh, the direct contribution of education

of these women in politics. This family-controlled political practice in Bangladesh is working as a tool to discourage the involvement of poor or less affluent women in politics.

Although the Government of Bangladesh has introduced quotas or reservations at the national and local levels for ensuring significant increase in women's political participation, women presently comprise only 19.7 percent of the National Parliament - that is holding only 69 out of 279 seats (The Women in Public Service Project, 2014).

In addition, families with lower socio-economic status are also influenced by the patriarchal society and gender prejudice. Girl students are often enrolled in primary and secondary schools, but lose their pace when they are about to enter tertiary education. This dropout rate is partly due to a lack of necessary support that would enable them to continue their education. Incentives are provided by the government for girls only up to higher and secondary level education. Therefore, families with lower socio-economic status cannot bear the expense for further education of girls, leading to higher dropout rates.

Set social patterns, such as early marriage or engagement in household chores, and obligation to perform the reproductive roles imposed by society and family, also play an important role in discouraging Bangladeshi women from participating in politics. Girls are often forced to quit formal education just when they are able to use their individual assessment and perceptive qualities to get a better understanding of their surroundings. They are often married off at a very young age to a man twice their age, thereby enabling the men the opportunity to dominate over their wives' choices, decisions and freedom. As they are cut off from education, employment opportunities also begin to dry up, and girls, especially in rural areas, start to depend on their husband for financial and psychological well-being. One day they become mothers, and these strategically 'handicapped' mothers cannot help their daughters come out of this vicious social trap, and therefore, the voice of Bangladeshi women is suppressed from ever being heard in politics.

Since Bangladesh is an agriculture based country, it has not always appreciated women as leaders. Barring a few excep-

tions, most qualified women can't even think about participating in politics. There needs to be a change within the family dynamics; women's participation in politics cannot be improved at the top level until perceptions towards them at the lower levels

remain unchanged. The state has to adopt initiatives, which will create a positive perception towards women and augment their capacity to face challenges in the political domain.

The writers are students of Master of Development Studies (MDS), BRAC University.

Even though women's participation at Union Parishad and Paurashava elections has increased, the responsibilities and duties are not well-defined and their involvement in the decision making process is absent. Women are usually given areas such as education, health, women and children affairs, which are traditionally considered 'women's domain'.

even though education is considered prerequisite for being in politics, the participation of illiterate rural women in zila parishad and panchayat proves that the lack of education and training does not sometimes constrain women's political participation in South Asia.

According to conventional wisdom, higher education increases the tendency of higher political participation as education offers civic skills and political knowledge. Scholars have developed three theoretical models of the relationships between education and political participation so far. The first education model is called the absolute education model which supports the conventional wisdom, considering education as a cause of political participation. It says, through gaining knowledge, education triggers the cognitive ability which develops the understanding of an individual's role as a citizen, as well as their political participation in political process. The model states that an increase in education causes the rising tendency of political participation. The pre-adult socialisation model focuses on factors such as the socio-economic status of family, personal characteristics and political socialisation during impressionable years. The factors also contribute in choosing the education

for women's political participation cannot be measured by looking at the number of women in representative politics. The presence of quotas and reservations are the major way for women in Bangladesh to become a part of the legislature, which also constrains their active participation in politics. In addition, even though women's participation at Union Parishad and Paurashava elections has increased, the responsibilities and duties are not well-defined and their involvement in decision making process is absent. Women are usually given areas such as education, health, women and children affairs, which are traditionally considered 'women's domain'.

Moreover, their lower political participation and the subordinate position can also be explained by the pre-adult socialisation model. Bangladesh is a country with deeply embedded patriarchal social and cultural traditions and gender prejudice. In this case, socio-economic status of family and political socialisation both play an important role in motivating women in the country to participate in politics; however, gender prejudices exercised by the male politicians in allowing female relatives in politics without a systematic way, results in a subordinate position and representa-

Government of the People's Republic of Bangladesh
Office of the Chief Engineer (East)
Bangladesh Railway
C R B Chittagong

Invitation for Tender (Works)

| Government of the People's Republic of Bangladesh | | | |
|---|--|--|-------------------------------|
| 1 | Ministry/Division | Ministry of Railways. | |
| 2 | Agency | Bangladesh Railway. | |
| 3 | Procuring entity name | Chief Engineer (East) & Project Director, Rehabilitation of Sholasahar-Dohazari and Fateabad-Nazirhat Section including other allied works, Bangladesh Railway, Chittagong. | |
| 4 | Procuring entity district | Chittagong. | |
| 5 | Invitation for | (1) Package WD-1(A) : Construction of bank Protection wall at different location of Sholasahar-Dohazari Section. (2) Package-WD-1(B) : Construction of bank Protection wall at different location of Sholasahar-Dohazari Section. | |
| 6 | Invitation Ref. No. | PD/Dev(SDFN)/02/15-16/W-7 | |
| 7 | Date | 06-04-2016 | |
| 8 | Procurement method | Open Tendering Method (NCT). | |
| 9 | Budget and source of funds | GOB (Development). | |
| 10 | Project/programme name (if applicable) | Chief Engineer (East) & Project Director, Rehabilitation of Sholasahar-Dohazari and Fateabad-Nazirhat Section including other allied works. | |
| 11 | Tender package No. | WD-1(A) & WD-1(B) | |
| 12 | Tender package name | (1) Package WD-1(A): Construction of bank Protection wall at different location of Sholasahar-Dohazari Section. (2) Package-WD-1(B): Construction of bank Protection wall at different location of Sholasahar-Dohazari Section. | |
| 13 | Tender publication date | 13-04-2016 | |
| 14 | Tender last selling date and time | 02-05-2016 up to 03:00pm. | |
| 15 | Tender closing date and time | 03-05-2016 10:00 hrs to 12:00 hrs. | |
| 16 | Tender opening date and time | 03-05-2016 Time: 12:30 hrs. | |
| 17 | Name & address of the office(s) | Address | |
| | - Selling tender document (principal) | Office of the Chief Engineer (East), Bangladesh Railway, C.R.B., Chittagong (W-7 Section). | |
| | - Selling tender document (others) | Divisional Engineer (2), Bangladesh Railway, Kamalapur, Dhaka. | |
| | - Receiving tender document | Office of the Chief Engineer (East), Bangladesh Railway, C.R.B., Chittagong (W-7 Section). | |
| | - Opening tender document | Office of the Chief Engineer (East), Bangladesh Railway, C.R.B., Chittagong (W-7 Section). | |
| 18 | Place/date/time of pre-tender meeting | No pre-tender meeting will be held. | |
| 19 | Eligibility of tenderer | As stated in the tender document. | |
| 20 | Price of tender document | Tk. 5000.00 (five thousand) only per package (non-refundable). | |
| 21 | Package No. | Identification of lot | Tender security |
| | WD-1(A) | Construction of bank protection wall | 3,00,000.00 (three lakh) only |
| | WD-1(B) | Construction of bank protection wall | 3,00,000.00 (three lakh) only |
| 22 | Name of the official inviting tender | Md. Shahidul Islam. | |
| 23 | Designation of official inviting tender | Chief Engineer (East) & Project Director. | |
| 24 | Address of official inviting tender | Office of the Chief Engineer (East) & Project Director, Rehabilitation of Sholasahar-Dohazari and Fateabad-Nazirhat Section including other allied works, Bangladesh Railway, C.R.B., Chittagong. | |
| 25 | Contact details of official inviting tender | Telephone No.: 031-2863162 | |
| 26 | The procuring entity reserves the right to accept any or reject tenders. | | |

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