

Our new strategic partner

Record investment deals signed

WE think we reflect the sentiment of every section of our people, when we say that the concluded visit of the Chinese President has been extremely fruitful for both countries, liking our relationship to a strategic level, mainly for our commercial and economic development. What we would like to emphasise with the Chinese commitment of billions of dollars is that it has taken Bangladesh's development aspirations to a new high. If we add it to what has been committed by Japan, India and some multilateral agencies then Bangladesh is looking to a significant leap in becoming a lower middle income country by 2021.

The signing of a Memorandum of Understanding will strengthen investment and production capacity of the country. Bangladesh will receive USD 24.45 billion for 34 projects. Projects like the Padma Bridge Rail Link that will connect the southern part of the country with the capital city will facilitate trade nationwide and the Karnaphuli Tunnel, the first of its kind in Bangladesh, will act as a bridge between two parts of Chittagong with one direct line of communication reducing commute time significantly. All the major projects that have received financial assistance will significantly aid in reducing our infrastructure bottlenecks.

We reiterate President Xi Jinping's commitment that will aid our developmental efforts and it is by far the single largest investment package by a single country. Chinese engagement in upgrading our economic backbone should be viewed as a signal to other countries that Bangladesh is a serious place to invest in and they should follow suit.

Mismanagement in urea imports

Investigate to find the root of the matter

DOCUMENTS obtained by The Daily Star regarding fertiliser imported from Saudi Arabia have highlighted negligence on part of both the state-run organisation which imports the sacks and the company exporting them. The Bangladesh Chemical Industries Corporation (BCIC) has imported 3.15 lakh sacks of fertiliser, many of which have not turned out to be of less than the standard 50kgs.

It is simply wrong that fertiliser imported for the use of the farmers by a state run entity should end up being less than what we are paying for. We have reported that some operators at Mongla Port have found the fertiliser sacks to be weighing as little as 42 to 43 kg. This is more outrageous when we take into account that each tonne of fertiliser cost Tk. 39,000 and according to BCIC officials the organisation might incur a loss of as much as Tk. 3 crore.

BCIC sources have admitted that it is the farmers, who would suffer as they would get less fertiliser for their money. Seeing the discrepancies, many state-owned warehouses had even refused to store the sacks that weighed less, and sources have indicated to an attempt of a cover-up. Sending the fertiliser to dealers directly without storing them would only be enabling the problem instead of addressing it.

According to the BCIC chairman, the suppliers have been contacted, and we have been promised compensation. While we congratulate the courage of warehouse in-charges who stood up to the mismanagement, what is needed is an investigation into the matter to ensure accountability and transparency. In the end, it is the farmers we are putting at jeopardy, and that is not expected of a state-run organisation working for their benefit.

What can Bangladesh learn from China?

SALEHUDDIN AHMED

CHINA, one of the four oldest civilisations in the world, has a written history of more than 4,000 years and boasts rich cultural relics and historical sites. It is the inventor of compass, paper-making, gunpowder and printing. The Great Wall, Grand Canal and Karez irrigation system are three great ancient engineering projects built 2,000 years ago. Today, they are the symbols of the rich culture of the Chinese nation. China has gone over a long history of primitive, slavery, feudal and semi-feudal, semi-colonial societies and the present socialist society.

For centuries China was a leading civilisation and outpaced the rest of the world in the arts and sciences, but in the 19th and early 20th centuries, the country went through civil unrest, major famines, military wars and occupation by foreigners. In 1949, China was established as a socialist society under Mao Zedong. After 1978, Mao's successor, Deng Xiaoping and other leaders focused on market-oriented economic development and by 2000, the country's output had quadrupled. For much of the population, living standards have improved dramatically and the room for personal choices have expanded. Deng Xiaoping was an extraordinary leader. He drastically changed the economic policies of Mao, without really touching the political system and in thirty years, China went through dramatic economic development. For almost three decades, Chinese economy grew at the rate of 10 percent.

What are the big success stories of China? What are the factors responsible?

China is a country of 1.3 billion people living in 9.6 million square kilometres. Eighty percent of Chinese people speak Mandarin. There are 56 ethnic groups in the country, but 92 percent of the Chinese people belong to one ethnic group, that is the Han. So the country is more or less a homogenous one as far as the population is concerned. This is similar to the situation in Bangladesh. We are a fairly homogenous country with more than 85 percent Muslims speaking one language, Bangla, having one culture, living in a contiguous, compact and fertile land

mass with plenty of water.

Chinese people are extremely hard working and for the government and the people, national interest is above all others. "China first" is their motto in developing relations with foreign countries. Among the major drivers for China's success are the Chinese people, the true creator of China's economic success, and the great culture that shapes their characteristics: ambitious, hardworking, thrifty, caring for their families and relentlessly pursuing good education and success.

Chinese people have an open-minded spirit of learning. When the country became an open economy towards the end of the 1970s, the leadership in China



Shanghai skyline

PHOTO: TIMUR DZHAMBINOV

decided to send delegations to learn from other countries, especially from the US, Japan and Europe. They went for in-depth studies and learning, and did not hesitate to accept that China was far behind the Western countries. They learned, adopted and implemented what they learned, in their 'own terms'. Then again, thousands of students were sent abroad, mostly to the US for higher studies. A journalist once asked Deng Xiaoping, "You are sending so many people to the West, what if they don't return?" In reply he said, "They will, because they are Chinese". What we observed over the years is that most of them returned and are contributing to the country's development. The Chinese

also have a rich, qualified diaspora outside China, who are investing and working for the development of the economy.

China has created its own model of development, a feature of which is called 'development administration' in contrast to public administration. China's five year plans, the central and local government plans and administration, the party's annual conference are all part of its development administration. A day will come when Chinese universities will be offering courses and even degrees in development administration just as degrees in public administration are common in other countries.

China has become the "Factory of the

World". They produce everything, from needles to aeroplanes. Most of the western modern machines and equipments presently produce their required high quality finished goods and parts in China, whether it is a computer, mobile phones, cameras, televisions, toys, household goods and appliances, vehicles, clothes, high-tech apparatus, you just name it. To become the factory of the world, China has invested human and financial resources to train and upgrade the technical skills of millions of people. Presently, there are more than 250 million migrant workers producing these goods in China. China has become the top exporter of such goods and materials all over the world. To reach this

Debate on poverty eradication

Costs and benefits of unconditional cash transfer

COPENHAGEN CONSENSUS



BJORN LOMBORG

UNDP Bangladesh on September 29. His concerns merit a considered response.

Copenhagen Consensus and partner BRAC worked closely with more than 30 academics from Bangladesh and abroad - from Dhaka University to Yale - to examine 76 investments and interventions including TB treatment, supplements in pregnancy, delaying child marriage with education, and different kinds of cash transfers. More than thirty peer-reviewed, brand-new research papers were published online for free use, and the key research findings were shared with *The Daily Star* readers.

The interventions we studied were chosen after roundtable discussions with local and international civil society organisations, including UNDP. Economists estimated the costs and benefits for each intervention, showing where an extra taka could do the most good. Benefit-cost analysis provides us with one tool that ensures we think systematically, while taking other practical and social justice issues into consideration.

An eminent panel comprising a Nobel laureate and prestigious Bangladesh development experts considered and ranked these investments. Achieving efficiency is not the only objective when these questions are examined, which is why we invited many others to consider the research and prioritise as well: youths, *The Daily Star* readers, policymakers, and the rural ultra-poor.

Out of 1,100 pages of research, Mr. Beresford raises an issue with the evidence that shows handing out money to the poor - unconditional cash transfers - ranks worse than many other investments. He has faith in such programmes, to the point that he submits that cost-benefit analysis should not be applied to them.

Interventions targeting poverty were

studied by Dr. Munshi Sulaiman, Research Director of BRAC International, who completed his PhD in Development Studies from London School of Economics and was a post-doctoral fellow at Yale University.

Dr. Sulaiman looked at more than 200 studies, including seven about graduation programmes (one study from Bangladesh), 30 on livelihood programmes (three from Bangladesh) and 11 on unconditional cash transfers (0 from Bangladesh). His paper is available at

<http://www.copenhagenconsensus.com/bangladesh-priorities/poverty>. When we released the paper more than six months ago, I wrote an op-ed in *The Daily Star*, noting that these measures offered "a respectable return" on investment, but also that this was lower than other interventions.

The evidence examined by Dr. Sulaiman shows that one taka spent on unconditional cash transfers will deliver just 84 paisa in benefits. This doesn't mean that all interventions in this area rated poorly: graduation programmes in general did more good, longer and hence showed higher benefits. It received a medium-ranked placement in several prioritisations.

Of course, such a programme doesn't fit the needs of an aged or disabled person. This does not imply that we should only invest in graduation for the best social return and nothing for the disabled. What it suggests is that if we can support an ultra-poor household with both graduation and unconditional cash, we should prioritise graduation. And we should also consider the incredible benefits we could unlock by investing in, for example, tuberculosis or early childhood nutrition.

It is correct to point out, as Mr. Beresford emphasises, that none of the evidence on unconditional cash transfers came from Bangladesh studies. However, it would seem rash to ignore the best evidence from 11 studies around the world, and it is unclear why all these studies would be considered unreliable in deciding what Bangladesh should do.

In exploring the effects of unconditional cash transfers, Dr. Sulaiman examined a wide range of significant benefits: the annual

consumption increase, total household assets increases and net savings increases. Mr. Beresford argues that other benefits should also be considered, including empowerment and the ability to "go about without shame" - although he recognises that "such benefits are hard to measure by any yardstick".

Dr. Sulaiman pointed out explicitly in his paper and presentation to the eminent panel in Dhaka that not everything conceivable could be measured, but some of the most important factors were.

It is likely that the ability to improve household assets, savings and consumption are some of the most important proxies we can find for measuring the ability to go about without shame.

No framework can ever measure everything conceivable; on each intervention examined, we have tried to capture the major part of the benefits. It is likely that the inclusion of unmeasured benefits would equally increase all 76 benefit estimates - essentially keeping the rankings similar.

The highest-ranked intervention by the eminent panel was improving the response to tuberculosis, which claims 80,000 Bangladeshi lives each year. We can save lives for a very low cost. Each taka will achieve 21 taka of good to society. But this only measures the value of the life lost. We could reasonably ask: what about the happiness that saving these lives will cause family and friends?

It is likely that unconditional cash transfers and tuberculosis treatment would both be attributed slightly higher benefits had all of the 'un-measurable' benefits been somehow included. That still means that the benefits of the tuberculosis response are ten or more times higher than those of unconditional cash transfers.

Mr. Beresford posits that cash transfers are a "constitutional entitlement". But so too is not dying from TB, not being married off in childhood, or not getting enough nutrition in early childhood to survive. One could make the case that every one of the 76 investments examined by our project relates to a "constitutional entitlement".

But where does this argument take us? No donor or government has infinite

state of technical production capabilities, China has developed very sophisticated vocational training institutes. These are as good as any good university, only focused on technical skills development.

China has done commendable work in its poverty alleviation programmes. In about 25 years, they have uplifted more than 500 million people above the poverty line. The reasons being, pro-poor policies, concern for the people, especially the poor, linking the poor with the market, building people's technical, financial and management capabilities and modernising agriculture. Based on the line of USD 2 per day, poverty declined from 972 million in 1981 to 474 million in 2005, which means that 498 million people have moved above the poverty line. However, China still has a big challenge in poverty alleviation, with a huge number of people living under the poverty line even now.

Thrift is another secret of China's success with a 25 percent personal savings rate. The huge savings by its people have created financial security for many Chinese families, reduced government spending on social welfares and helped fund many grand infrastructure projects in China, such as the world's No. 1 high speed railway system.

China has a system of institutionalised consultation and policy debates in major decision-making processes. This kind of consultations tend to generate enormous public expectations, usually more positive than negative, for economic development. In the process, such expectations create new, medium and long term demands. Any Five Year Plan of China thus creates an interest and attention of the major part of the Chinese society, from private firms to state-owned enterprises to individuals.

In 35 years, China has accomplished at least three significant transformations, in particular: a) a transformation from a planned economy to a market economy; b) a transformation from an agrarian society to an industrialised society and c) a transformation from a closed economy to a largely open economy integrated with the world.

The writer is an Adjunct Professor at BRAC University, Independent University, Bangladesh, and Asian Institute of Management (AIM), Manila. He was the former Deputy Executive Director of BRAC, Pro-VC of BRAC University, Chief Technical Advisor, IPRC, Beijing, and Managing Editor of *The Daily Star*.

LETTERS TO THE EDITOR

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Why are bauls being attacked?

Bauls are being attacked in different parts of the country. This time, miscreants burnt a 'baul akhra' in Faridpur. Earlier in July, three bauls of Chuadanga were attacked.

We urge the police to find out why these heinous crimes are occurring and the government to give bauls special protection. We must teach each other how important bauls are to our culture.

Sajib Mohanta
Syhet

Congratulations, Patrick D'Rozario

We offer our heartiest congratulations to Archbishop Patrick D'Rozario of Dhaka on his becoming the first Bangladeshi cardinal - a rare honour bestowed upon him by honourable Pope Francis. As supreme Christian leader Archbishop D'Rozario has always emphasised on increasing greater interfaith communication and dialogue among different communities to enhance religious harmony and friendliness for the collective development of the country.

We thank the honourable Pope for this gift and look forward to the ongoing good relations between Vatican and Bangladesh.

K. Z. Huq
Kathalagan