

Crossing cultures through fashion



MILIA ALI

THE well-termed has multi-layered connotations—especially in today's diverse world, where the concept of fashion is constantly changing and there are no fixed standards or norms. Sometimes fashionable may mean simply trendy while at other times it describes a person who carries his or her clothes with style.

I am not a fashionista by a wide stretch of the imagination. But I am aware that the clothing industry today offers multiple choices in designs and styles. There are many crosscurrents in the contemporary fashion world: a strong touch of nostalgia is inspiring many ateliers, who are reCAPturing traditional motifs and symbols, whereas others are promoting "modern and edgy" designs. With increased exposure due to travel, fashion ads and the Internet, women now have more access to a diverse array of styles. They are thus free to dress as they choose and conform to their own image of what looks best.

Interestingly, my views on fashion have been largely influenced by my mother who always appeared to be elegantly dressed. She could even be described as fashionable in an era



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when women were not exposed to glossy fashion magazines and designer apparels. In contrast, all throughout my teenage years, when girls would become conscious about dressing up, I never fitted the description of a stylish person. This may have been partially because early

on I realised I did not possess the natural flair and style that my mother did. It was also a time when most women were redefining their priorities and actively trying to reject the stereotyped image of a woman as an object of beauty alone. Hence, in my youth my fashion mantra was to

wear what I liked and felt comfortable in—not paying much attention to the latest trend. This does not mean that I was not interested in nice clothes or chose to be "frumpy". I loved bright colors, traditional saris and simple jewellery—but the objective was to be "understated" so

that my clothes didn't define my personality. However, with time, I have realised that clothes can make a loud personality statement, even without a fashion tag attached, even when!

When I first moved to the United States I was extremely conscious and proud of my origin and was constantly trying to establish my South Asian/Bangladeshi identity in public by wearing a sari. There was a sense that I might lose my ethnicity if I wore western clothes. (Today I am embarrassed when I think how ridiculous I must have looked walking down the University of Pennsylvania campus in a sari on a snowy day!) It took me a long time to reject the idea that wearing traditional clothes is the only way of highlighting one's heritage. I have finally come to terms with the fact that one has to dress for the occasion and the season, while retaining one's individuality and ethnicity.

On the other hand, there is something to be said about the sense of togetherness one feels when dressed like most people in a public space like a grocery store or a shopping mall. Conforming to the prevailing dress code gives one a feeling of anonymity that is reassuring in today's environment where "otherness" may be viewed with suspicion. At the same time, I believe that now, more than ever before, it's crucial to recognise and project "otherness" as an essential

part of our multicultural world! Hence, I make a point of wearing a sari when attending events like a book launch, a political fundraiser, a concert, a lecture or seminar or a social dinner. Places where I believe it is important to underscore my identity as a Bangladeshi-American woman. Clothes for me have thus become a potent tool for making personal and political statements. And I find myself going through the arduous process of balancing my style with my split identities, as someone who is straddling two cultures and continents.

Whether clothes make a person or not is debatable. We cannot, however, deny that the clothes we wear make a bold statement about who we are. The message I want to convey through my dress style is that people of different cultures can cross over and coexist. By making a smooth transition between the sari and the slacks, I believe, I bring together the traditions of the two countries I call home—Bangladesh and the United States. It may be too simplistic to think that this mundane act will lead to an enhanced understanding of the two cultures. But I keep hoping that the benign gesture of switching identities through fashion will contribute in some small way toward breaking artificial barriers of unfamiliarity.

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Emerging markets at risk again



JOMO KWAME SUNDARAM

EMERGING market governments often draw lessons from previous financial crises—or at least claim to do so—to prevent their recurrence. However, such preventive measures are typically designed to address the causes of the last crisis, not the next one.

Hence, some measures adopted may inadvertently become new sources of instability and crisis.

Very rarely are the root causes of crisis and vulnerability addressed. In their efforts to prove themselves as worthy emerging markets, they tend to be pro-active in joining the financial globalisation bandwagon. But premature financial liberalisation—with hasty integration into the international financial system, typically without adequate prudential multilateral mechanisms for speedy and orderly resolution of external liquidity and debt crises—can be very dangerous and costly.

Future currency crises different

Many governments claim to have learnt from the 1997-1998 Asian financial crisis and the 2007-2009 global financial crisis. But while measures implemented may be effective in preventing recurrence, they may be inappropriate, inadequate, or even counterproductive with changing, deepening financial integration.

After mid-1997, Southeast Asian governments abandoned their informal currency pegs after incurring high costs trying to defend them. Moving to flexible exchange rates ended "one-way (sure-win) bets" for some speculators, while entailing disruptive currency devaluations.

Since the crises, banking regulation and supervision have undoubtedly improved, e.g., reducing currency and maturity mismatches in bank balance sheets. However, in this day and age, stable exchange rates can no longer be ensured with regulated capital mobility.

In fact, currency crises can occur with either fixed or flexible exchange rates. With flexible rates, inflows cause currency appreciations, encouraging even more inflows, which will inevitably be reversed, often quite abruptly. Capital inflows into securities markets are far more important today than banks intermediating cross-border capital flows in

the 1990s. Corporate bond issues have also grown much faster than international bank lending, whether directly or through local intermediaries. Yet, such measures have not prevented credit and asset price bubbles.

Emerging markets have further liberalised foreign direct investment (FDI) regimes and encouraged foreign participation in equity markets, presuming that equity liabilities are less risky than external debt. Hence, foreign shares of market capitalisation have reached unprecedented levels, much higher than in the US. With emerging markets more susceptible, a little foreign investment can "make (emerging) markets", causing large price swings.

Currency mismatches

East Asian authorities have also reduced currency mismatches in their own balance sheets and exchange rate risk exposure by opening domestic bond markets to foreigners and borrowing in their own currencies. Consequently, sovereign debt is now much more exposed to foreign creditors than in reserve currency countries.

Much higher shares of most emerging market sovereign bonds are held by foreigners, usually privately, rather than by central banks. In contrast, most of Japan's very high sovereign debt is held by Japanese creditors while around a third of US Treasury bonds are held by non-residents.

Encouraging foreign participation

sovereign bond markets has helped pass currency risk to creditors, but also reduced autonomy over long-term rates and increased exposure to interest rate shocks and abroad, e.g., when the US Fed raises interest rates again.

Greater capital liberalisation besides encouraging domestic corporations to borrow from and invest abroad has resulted in massive debt accumulation in low interest rate reserve currencies, especially with recent "unconventional" monetary policies. Thus, reducing sovereign debt currency mismatches has been offset by increased private corporate fragility due to exchange rate risks.

Regulatory constraints on resident individuals and institutional investors purchasing foreign securities and real estate have also been relaxed. Capital account liberalisation has enabled resident capital outflows claiming these will "balance" foreign inflows. But such private accumulation of foreign assets will not be available to national authorities in case of panic capital flight. Hence, national currencies are especially



Premature financial liberalisation with hasty integration into the international financial system can be very dangerous and costly. PHOTO: AFP

vulnerable when the capital account is open and foreign control of domestic financial assets is significant. As volatility has shown, macro-financial exposure may suddenly precipitate massive outflows.

Self-insurance delusion

Since the turn of the century, emerging markets have been seeking "self-insurance" in managing external balances by accumulating "adequate" international reserves from trade surpluses and capital inflows. Hence, foreign reserves in most East Asian countries are often enough to meet conventional external liabilities, but not enough to cope with massive reversals of foreign portfolio investments and capital flight by residents.

Despite the crises of the last two decades, emerging markets' capital accounts are much freer now than then. Asset markets and currencies of all East Asian emerging markets with "enough" foreign reserves have nevertheless been shaken several times in the past decade.

But such short-lived instability episodes did not cause severe damage as they only involved temporary shifts in market sentiments. Nevertheless, they hint at likely threats when "quantitative easing" in the North could be reversed soon.

As "self-insurance" is probably insufficient to cope with massive capital flight, the usual option is to "seek help" from the IMF and reserve-currency countries. Another involves "bailing in" international creditors and investors using foreign exchange controls, temporary "debt standstills" and other measures to protect jobs and the economy. But such unilateral measures may be difficult and costly due to resistance from creditor country governments, acting at the behest of the powerful financial interests involved.

Jomo Kwame Sundaram, a former economics professor and United Nations Assistant Secretary-General for Economic Development, is the author of "Financial Liberalisation: Pros and Cons for Advancing the Frontiers of Economic Thought" in 2007.

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