Measure development by wellbeing, not numbers

Noted Malaysian economist says

SOHEL PARVEZ

BANGLADESH has made considerable progress in terms of economic development, catching attention of many global thinkers, said Prof Jomo Kwame Sundaram, a member of the Council of Eminent Persons of the Malaysian government.

"The growth is quite impressive."

But, he said, the numbers are not enough to measure economic development.

"The nation needs to look at the contents of growth and measure economic development in terms of wellbeing or quality of life of people," he told The Daily Star in an interview recently.

A leading economist and expert on political economy of development, Sundaram came to Dhaka last week to deliver lecture on implementation challenges of the Sustainable Development Goals (SDGs) related to food, energy and inequality.

Educated at Yale and Harvard universities, Sundaram served as an assistant secretary-general of the United Nations Department of Economic and Social Affairs.

In his lecture, Sundaram stressed the need for reduction of malnutrition and micronutrient deficiency to attain the SDGs.

He said Bangladesh has made progress in recent decades, but that progress has been reversed in recent years and the proportion of hungry people has actually increased.

During the interview, he repeated the problem of malnutrition, micronutrient deficiency in the country. "I hope there would be no hungry people in Bangladesh."

He also said Bangladesh should look at why its citizens are eating less vegetable and fruit.

Sundaram, also a visiting fellow at the Columbia University, USA, said it is good for Bangladesh to grow at a good pace. But for its future, it is important to have more balanced economic development, including industrialisaion.

"And this is going to be a major challenge as you graduate from the LDC [least developed country] status," he said, suggesting policymakers think what are the areas Bangladesh can industrialise and how it can succeed in industrialisation.

He cited Bangladesh's dependence on garments, saying there were more than 200,000 people producing garments in Malaysia 30 years ago. Today, less than 15,000 are working in the industry.

Those factories have gone to China, Vietnam and Bangladesh.

"As Bangladesh becomes more expensive, as workers get higher income, they might be going somewhere else from Bangladesh," he said, asking Bangladesh to look at where its strength lies.

He, however, lauded Bangladesh's success in generic drugs manufacturing.

"This is a great achievement. Just if we measure things simply in terms of the monetary value, it may not seem a lot."

But in terms of well-being, the ability to get medicine at much cheaper prices from Bangladesh will be very important in the long run, he said.

This was the fourth visit of Sundaram to Bangladesh. He first came to Dhaka in 1996 and when he was asked to comment on the change he saw between the two visits, he said: "When I came in 1996, I do not remember being caught in traffic jams for such a long time. But when I came in 2011, traffic jams were bad. Now it is worse."

A lot of vehicles on the road do not mean that everybody is better off, he said.

"It means a lot of pollution and we all are breathing fumes. I think it is very important for Bangladesh to look at the description in terms of the future so that society as a whole is better off."

Jomo Kwame Sundaram

He said people will rely less on private transport if there is a good public transport.

He suggested Bangladesh focus on generating more energy from renewable sources.

Photovoltaic solar panels and wind turbines have become economically very viable especially as petroleum prices are going up, he said. "And this needs encouragement."

He said renewable energy sources have created opportunities to leapfrog and people who do not have electricity should go straight to renewable energy, not fossil fuels.

Sundaram said fossil fuel is contributing to climate change, which will hurt countries like Bangladesh and the Maldives badly.

Many people of Bangladesh live in low-lying lands, the Sundarbans and other areas which will be affected by climate change.

Another very important issue is extreme weather, which the world has never experienced, he said.

"So, we have to recognise that the world has changed. Our environment has changed and we need to pay much more attention and make more effort to try to address some of these problems."

Sundaram, a recipient of the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought, said inequality among the rich and poor countries is one of the reasons behind migration.

"People are moving not because they are workers; they are moving to become workers in other societies because they are going to be paid more."

He said people who have small businesses are ready to give up their profession to become workers in other countries to earn more.

On the crackdown on undocumented foreign workers by the current Malaysian government, Sundaram said the last deputy prime minister of Malaysia was allegedly trying to bring 1.5 million Bangladeshi workers into Malaysia and the rumour was that the contract was given to his brother to import workers.

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About 10 companies in Bangladesh were given the rights to recruit the workers. That agreement has now been suspended, he said.

He hopes in the future a new agreement will make sure that the recruitment is free of corruption and in the interest of workers, not contractors.

Sundaram said many Bangladeshis come to Malaysia by spending a lot of money, but they do not earn enough after they arrive. Even after two years, some of them feel that they have not even made the savings they were hoping to.

So, they stay illegally although they have less protection, weaker bargaining power and less income, he said.

According to the economist, out of about 7 million foreign workers, only 2 million are documented, and many Malaysian employers are taking advantage of a large number of foreign workers to weaken the bargaining power of the workers.

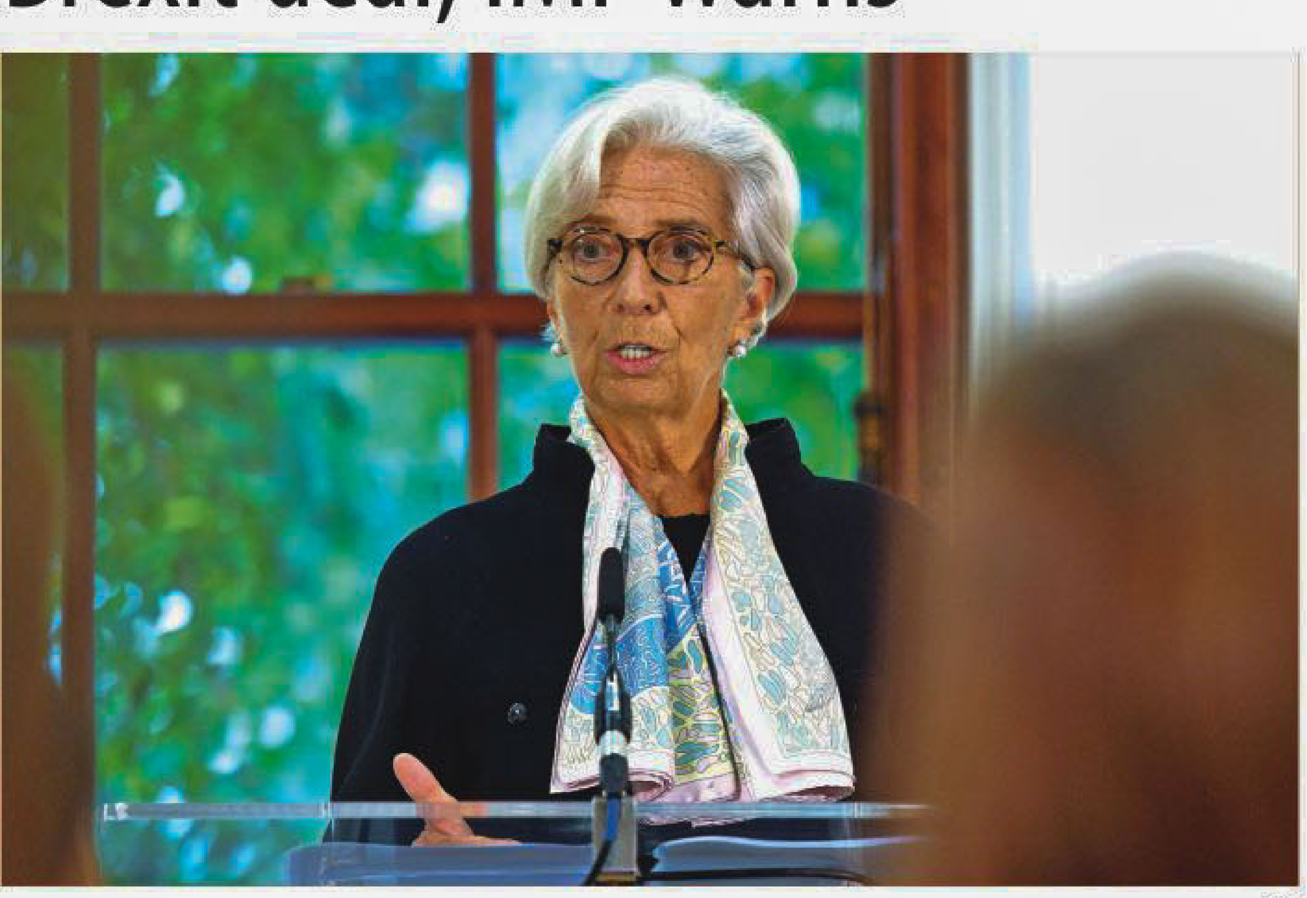
Employers refuse to mechanise and invest in better equipment and they employ foreign workers to do dirty jobs Malaysian workers despise to do, he said.

"You have to eliminate this type of situation. So, we do not want the foreign workers to become the enemies of Malaysian workers. If we really need workers from abroad, they are welcome. They must be well treated."

Sundaram shared his thoughts on democracy and development. He said many say that people would change governments when an economy performs badly.

"I do not think so. Even when the economy is doing well, people change the government," he said, citing the recent change in governments in South Korea and Malaysia.

UK economy will shrink without Brexit deal, IMF warns



AFP

IMF Managing Director Christine Lagarde speaks at a press conference to mark the publication of the 2018 Article IV assessment of the United Kingdom at the Treasury in Central London yesterday.

REUTERS, London

BRITAIN'S economy will shrink if it leaves the European Union without a Brexit deal and it will suffer some damage whatever terms it agrees, the International Monetary Fund said on Monday, challenging the promises of some Brexit supporters.

The Fund predicted Britain's economy would grow by about 1.5 percent a year in 2018 and 2019 -- lagging behind Germany and France -- if a broad Brexit agreement was struck.

"I'm a desperate optimist, and I very much hope and pray that there will be a deal between the European Union and the UK," IMF Managing Director Christine Lagarde said.

But failure to get a deal would lead to a contraction, she said. "Let me be clear, compared with today's smooth single market, all the likely Brexit scenarios will have costs for the economy and to a lesser extent as well for the EU," Lagarde said as the IMF presented its annual report on Britain's economy.

"The larger the impediments to trade in the new relationship, the costlier it will be. This should be fairly obvious, but it seems that sometimes it is not."

Britain is due to leave the EU in little more than six months' time but London and Brussels have yet to strike a deal to secure a transition period.

Prime Minister Theresa May has struggled to bridge a deep divide within her Conservative Party about how close a relationship Britain should have with the EU. She is hoping to make progress towards a deal when she meets fellow EU leaders this week.

British finance minister Philip Hammond, speaking alongside Lagarde, said the government had to heed the "clear warnings" from the IMF of a no-deal Brexit.

Hammond has been criticised by some Conservative Party lawmakers who say he wants to keep Britain too close to the EU.

Many Brexit supporters say Britain must distance itself from Brussels in order to strike its own trade deals with fast-growing economies around the world.

The IMF said those kind of deals would not offset the drag to the economy from leaving the EU.

Ruth Lea, an economist with Arbuthnot Banking Group and a Brexit advocate, accused the IMF of joining a new round of "Project Fear," a term Brexit supporters use for pre-referendum warnings of the economic consequences of a Leave vote.

"Did they learn nothing from their loss of credibility after Project Fear Mark 1? In other words, stop making bold claims when you really don't know what will happen," Lea said on Twitter.

Britain's economy -- the world's fifth-biggest -- slowed after the 2016 referendum decision to leave the EU and it continues to be outpaced by most other rich nations. However, stronger-than-expected data last week showed the economy had its fastest growth in nearly a year, helped by the World Cup and hot summer weather.

Global shares knocked lower after new US tariff threat on China goods

REUTERS, London

EUROPEAN share markets followed Asian counterparts lower on Monday as investors took fright at news Washington was set to announce a new round of tariffs on Chinese goods in the latest escalation of their trade conflict.

US President Donald Trump's expected announcement of new tariffs on $200 billion in Chinese goods drew an immediate threat of reprisals from Beijing.

The month-long trade conflict between the world's two largest economies has rattled investors who fear an escalation will eventually whack global growth, while talks between the two countries have failed to make much headway.

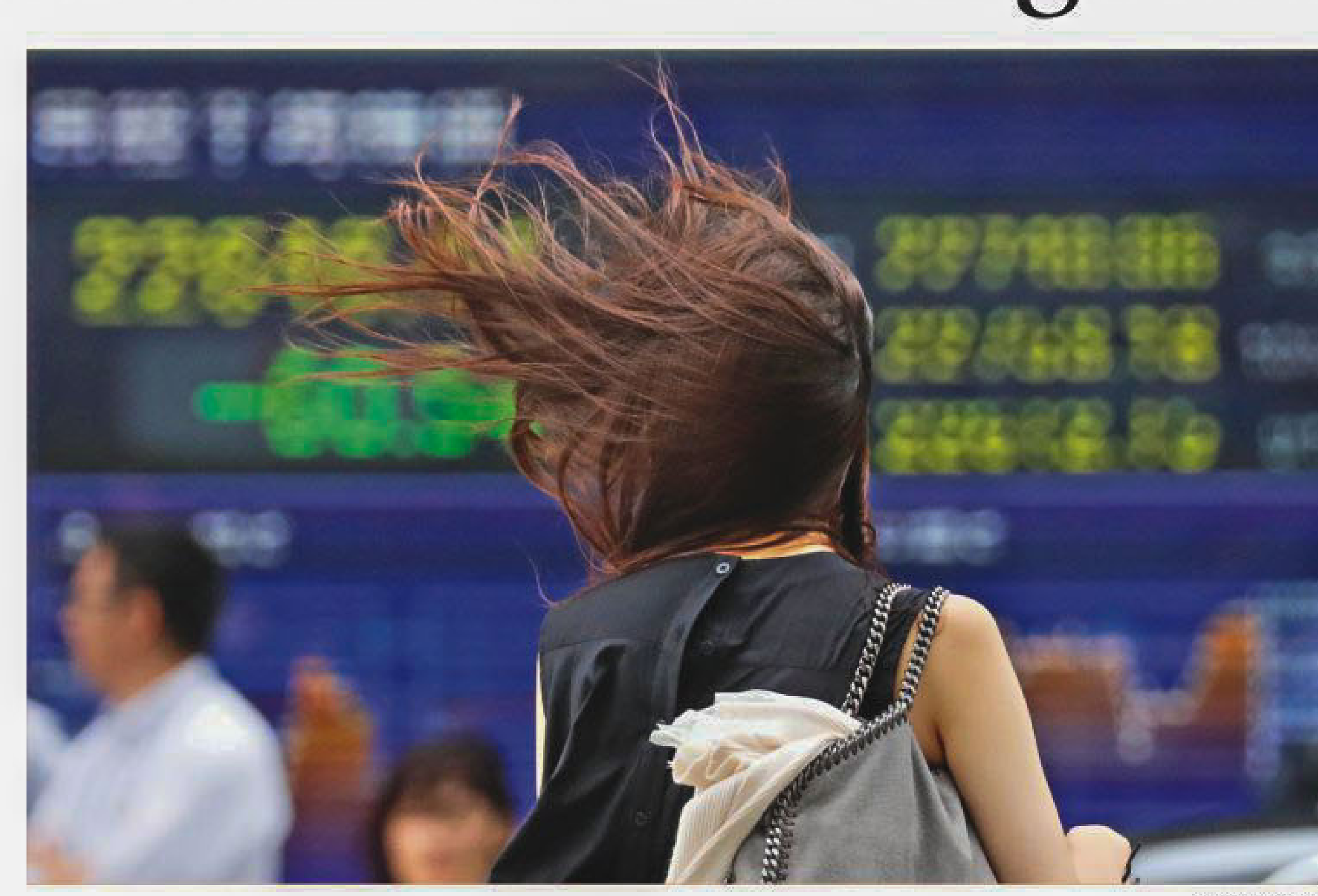
The pan-European STOXX 600 index fell as much as 0.2, while Germany's DAX, home to large exporters and carmakers, dropped half a percent. France's CAC 40 and Britain's FTSE 100 fell 0.2 percent and 0.1 percent respectively.

Europe's STOXX 600 had last week enjoyed its best weekly gain since July as the Turkish central bank's interest rate rise brought a broad relief rally, but the mood was less buoyant on Monday.

However, after the initial falls there were signs that some investors were ready to look past the dispute, with European markets reducing their losses to trade close to flat by 0830 GMT. Earlier in the day, MSCI's broadest index of Asia-Pacific shares outside Japan dropped 1.2 percent, snapping three straight sessions of gains.

World shares remain more than 5 percent off their record highs touched in January, based on the MSCI world equity index, which tracks shares in 47 countries.

"On the Chinese side, Mr. Trump has burned a lot of political capital so it's hard to see how talks can resume if Mr. Trump goes ahead on the $200 billion," Freya Beamish, chief Asia economist at Pantheon Macroeconomics, told the Reuters Global Markets Forum.



REUTERS/FILE

A woman walks against strong wind caused by Typhoon Jebi, in front of an electronic stock quotation board in Tokyo.

"China's scope to retaliate is surprisingly limited however, especially since the outbreak of swine flu, which will anyway push up CPI inflation," Beamish said, referring to the deadly swine fever strain that is seen impacting Chinese pork prices.

Beamish doubted whether the United States would slap 25 percent tariffs on $200 billion of Chinese imports, as the Trump administration has said it is considering, and the Wall Street Journal reported the tariff level would probably be about 10 percent.

But market watchers reckon further escalation is likely.

"China may potentially pull out of trade talks entirely and escalate on the new front of outright export restrictions," analysts at JPMorgan told clients. "This would of course only inflame the situation further."

In currency markets, the dollar succumbed to some selling pressure, with the greenback index down 0.2 percent at 94.778, having bounced from a low of 94.359 at the end of last week as Treasury yields rose.

The euro added 0.3 percent to $1.1650 EUR= and the yen strengthened 0.2 percent to 111.86 JPY=, with broader foreign exchange moves limited.

Emerging market currencies were mostly weaker after a strong run last week following the Turkish central bank's decision to sharply raise interest rates to shore up confidence in the lira.

EU regulators to rule on Disney's $71b bid for Fox assets by October 19

REUTERS, Brussels

EU antitrust regulators have set an Oct. 19 deadline for their ruling on Walt Disney's $71.3 billion bid for Twenty-First Century Fox Inc's entertainment assets, the European Commission said on Monday.

Disney sought EU approval for the deal on Sept. 14, according to a filing on the EU competition website. It can either clear the deal with or without concessions or open a four-month long investigation if it has serious concerns.

The US Justice Department gave the green light to the deal in June on condition Disney sells Fox's 22 regional sports networks.

Acquisition of Fox's assets would broaden Disney's unrivaled portfolio of some of the world's most popular characters, uniting Mickey Mouse, Luke Skywalker and Marvel superheroes with Fox's X-Men, "Avatar" and "The Simpsons" franchises.

Disney owns ABC, ESPN, Pixar, Marvel Studios and "Star Wars" producer Lucasfilm, plus an array of theme parks. The Fox assets being acquired include a cable group with FX Networks, National Geographic and 300-plus international channels, plus Fox's stake in Hulu.