



THOUGHTS & INITIATIVES

VOL 2, NO. 2 DECEMBER 1995

BDI

6042 Pennwood Court, Bethel Park, PA 15102
15160 SE 54th Place, Bellevue, WA 98006
USA

BDI (Bangladesh Development Initiative) is a registered non-profit, non-political corporation based in USA. BDI is dedicated to facilitating value-added commodity production in Bangladesh.

Thoughts & Initiatives i

BDI Executive Committee

President: Ashraf Ali, D.Sc.

Vice President: Ruhul Kuddus, Ph.D.

General Secretary: M. Faizul Islam, Ph.D.

Treasurer: Syeda M. Khan

Secretary (Social Issues): Tanveer Hoque

Secretary (Public Relations): Syed Saad Andaleeb, Ph.D.

Secretary (Economic Issues): Mahabub-ul Islam, Ph.D.

Secretary (Science): Shahed Khan, Ph.D.

Secretary (Industry): Amirul Hoque, Ph.D.

Executive Member (Engineering): Jahangir Jashimuddin, Ph.D.

Executive Member: Shah M. Yunus, Ph.D.

BDI Special Advisors

General Counsellor: Rafiq Rasool, Ph.D.

Middle East Consultant: Abdul Lateef M. Al-Khaleefi, Ph.D. (Kuwait)

BDI Publications

Ashraf Ali, D.Sc. (Editor-in-chief)

Ruhul Kuddus, Ph.D.

Faizul Islam, Ph.D.

Syed Saad Andaleeb, Ph.D.

BDI Advisors

Abdur Razzaque, Ph.D. (MI)

Anwar Karim, Ph.D. (MD)

Faruq M. A. Siddiqi, Ph.D. (PA)

Habibul H. Khondker, Ph.D. (Singapore)

Hassan Shayer (TX)

M. A. Kabir, M.D. (MO)

M. Mozammel Huq, Ph.D. (Glasgow, United Kingdom)

Mohammed Alauddin (KY)

Mominul Hoque, Ph.D. (PA)

Salim Rashid, Ph.D. (IL)

Saqui Selima Huq (NY)

Shahid M. Shahidullah, Ph.D. (NY)

Shamsher Bakth, M.D. (PA)

Shayla S. Ali (PA)

Syed Zaki Hossain (NY)

Yunus Rahi, Ph.D. (CA)

Zahidul Rahman, Ph.D. (CA)

Ziauddin Ahmed, M.D. (PA)

EDITOR'S NOTE

The conference on the Socioeconomic Development of Bangladesh held on August 12, 1995 in the campus of the University of Pittsburgh was successful and generated considerable enthusiasm among the Bangladeshi scholars and audience who attended the conference. The articles presented at the conference are being published in the form of a book entitled "Development Issues of Bangladesh" from the University Press Limited, Bangladesh. The first essay of this issue lists the titles of these articles, the authors and their affiliations, and provides a summary of each article.

The contents of these articles are drawn from diverse disciplines. The views on the economic development options for Bangladesh also vary considerably. It is clear that the peaceful transfer of power through a relatively fair election is a necessary but not a sufficient condition for the economic prosperity of any developing country. Bangladesh, like many other developing countries, is, at the core, ruled by the interest groups: bureaucrats, career politicians and traders. The key economic policies and programs are designed and implemented (or not implemented) to serve the interests of these classes. Insofar as the major economic policies or measures are concerned, these classes exercise almost absolute control over the decisions made. The electoral politics under the current circumstances can only create a power transfer mechanism within this framework without disturbing the economic *status quo*.

However, if an apparent political stability ensues and holds, the country can draw foreign direct investment (FDI). FDI can help in the progress of a developing country only when it at least partly promotes domestic manufacturing activities. FDI that involves only assembly type operations and raw materials production will stagnate the economy as observed in the Central American countries. The national business class, if such a class exists in Bangladesh, is required to assume a leading role in getting the country over the threshold of rent-seeking activities. Obviously, the State must be proactive in setting up the stage for the initiation of the domestic value-added manufacturing. How it should be implemented can be learned from the experience of the emergence of the second generation Newly Industrial Countries (NIC's) in South-East Asia, such as, Malaysia, Indonesia, Thailand and the People's Republic of China.

The workers' wages of the second generation NIC's are rising fast. The second generation NIC's, along with the first generation NIC's (South Korea, Taiwan, Singapore and Hong Kong) and Japan, need (now and also in future) intermediate products, parts and component manufactured from other countries through sub-contract. Bangladesh can exploit this opportunity and emerge as one of the countries of the so-called "third generation NIC's", if such a generation ever emerges. This prospect is debatable, given the current political-economic-infrastructure fragility of Bangladesh, but certainly there is an opportunity here.

The most important question that comes to mind is the role that the present interest groups would play if Bangladesh ever advances towards this economic development route. That is, how can the role of the trader class, the bureaucrats and the government officials be internalized? Among other things, (a) some members of the trader class would possibly be required to be transformed into domestic producers, (b) the tele-communication system, roads and highways and railways will require dramatic improvements, and more importantly, (c) the current administrative system will require a major overhaul. Without these improvements, this type of economic development program would not succeed and cannot be sustained. In sum, despite enormous economic losses suffered due to strikes and plant closings since the beginning of this decade, Bangladesh, through the last two elections, does hold a promise of providing a relative political stability to attract FDI. On behalf of all Bangladeshis, we invite Japanese, first and second generation NIC's, North American and European investors to choose Bangladesh as one of their investment sites for value-added manufacturing.

Please note that BDI publishes this Journal once a year. The focus of BDI journal will always be on facilitating the production of value-added commodities in Bangladesh. BDI is inviting articles from the experts on different areas that are directly or indirectly related to this subject. The authors are requested to submit a printed copy as well as a computer disk containing the article. For further information regarding submission of articles, please contact BDI Office at e-sas@msn.com and address:

Editor-in-chief, BDI Journal
BDI
15160 SE 54th Place
Bellevue, WA 98006, USA

TABLE OF CONTENTS

Editor's Note	iii
1. Pittsburgh Conference 1995 on Socioeconomic Development of Bangladesh: authors and papers by M. Faizul Islam	1-1
2. The Economies of the Middle East by Abdul Lateef Mohammad Al-Khaleefi	2-1
3. Migration and Bangladesh's Economic Development by Salim Rashid	3-1
4. Comments on Salim Rashid's Essay "Migration and Bangladesh's Economic Development" by Ashraf Ali	4-1
5. Bangladesh's Economic Options by Ashraf Ali	5-1
6. A Framework for Managing Development Aid in Bangladesh by Syed Saad Andaleeb	6-1
7. The State of Education in Bangladesh: A Glimpse by Ruhul Kuddus and Roushan Saleha	7-1