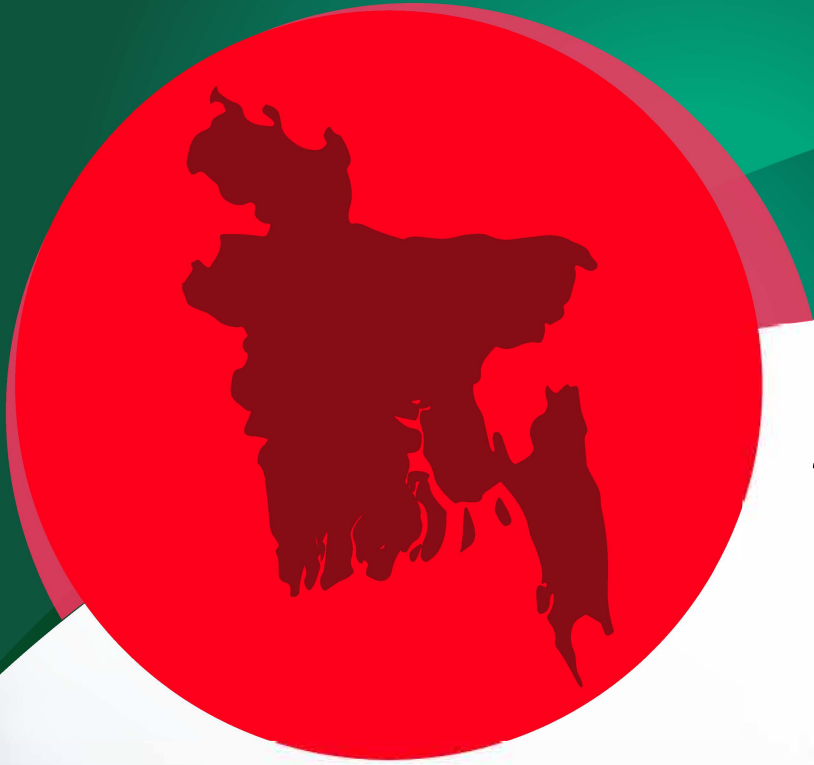


Volume 2
Number 2
Year 2000
ISSN 1529-0905



Journal of
**BANGLADESH
STUDIES**



TABLE OF CONTENTS

From the Editor Syed S. Andaleeb i

ARTICLES

**Information Technology Can be Bangladesh's
Superhighway to Prosperity (invited article)** Mohammad Yunus 1

**Macroeconomic Effects of Foreign Aid in
Bangladesh Revisited** Rahim M. Quazi 7

**World Trade Organization and Readymade Garment
Industry in Bangladesh: A Critical Analysis** M. Golam Robbani 16

**Equitable Sharing of International Rivers: A Proposal
For Optimal Utilization of the Teesta River** M. Fakhru Islam and
Yoshiro Higano 28

INFORMATION TECHNOLOGY CAN BE BANGLADESH'S SUPERHIGHWAY TO PROSPERITY¹

Muhammad Yunus

The Promise of IT

Although the population of Bangladesh is substantial, the world has not noticed the country because of its small economy. The country does not show up on the world economic map because it does not feature a serious market for the exchange of goods and services. All this can change now. It is possible for Bangladesh to become a familiar name in the world if it can take advantage of the new technologies, particularly Information Technologies or IT, that are dramatically changing the world. The stage is already set for revolutionary changes in the global economy. I believe the changes that we have witnessed this past decade are only the beginning. The coming decades will unfold scenarios which will redefine the lives of citizens around the world.

Technologies are all interrelated. If there is a dramatic change in one, an immediate impact is felt in many others. Presently, the information technology (IT) sector is the most dynamic sector in the world economy, and it is leading the way for other technologies and forcing them to respond.

New Economies

Information technologies are helping the developed nations expand their economies at a sustained pace. These economies are assuming features so distinct from their previous structures that they have begun to call themselves "new economies." It is obvious that the rich economies are benefiting the most from these new technologies. Except for minor spillovers, the effect of the new technologies on the people in poor countries has so far been negligible; however, this does not have to be the case in the future.

The middlemen in the value-chain in production and marketing are finding that the market participants may pass them by. These technologies are also eliminating middlemen in the knowledge-chain when it comes to understanding the economy and the society. In the process, the new technologies have the potential of creating not only a "new economy" but also a new society.

It is not the large impact of the information technologies on the gross domestic product (GDP) that distinguishes

the new economies. The issue is not the quantum of wealth that people who use this technology are accumulating. The unique contribution of information technologies is the fundamental fact that they are creating a new relationship among consumers and between the consumer and the producer. In the economic sphere, this new relationship results in significant cost reductions. Having demonstrated these trends in unmistakable terms, information technologies have set the process in motion to dismantle old economic relationships and economic institutions. No one can escape from this change because the emerging relationships mean reduction in personnel cost, reduction in processing and production time, a better appreciation of market needs, more options for producers, more opportunities, and more choices for consumers and producers alike.

Digital Divide

What will happen to the poor countries that have not shown much progress in IT in the past? I believe two things can happen:

1. In view of the emergence of new economies and their increasing strength in the global economic sphere, the small and weak economies will be further marginalized. This will make it more difficult for these economies to compete in the world economy on an equal footing. Information technologies will make rapid globalization unstoppable and global multinationals will dictate the economic terms to the weak economies.
2. However, the opposite scenario could also unfold with IT spreading rapidly into the developing economies. If IT can make a full-blown entry into these economies, it would be difficult for them to stagnate in poverty, provided there is wise leadership at the national level and eager and energetic citizens. Thus, IT can be turned into a magic wand and anything it touches will turn into gold. The best aspect of IT is that it cannot be controlled by anyone.

¹ I would like to thank the editors of the *Journal of Bangladesh Studies* for help in composing this article from recent speeches I gave on the topic.

It is an empowering tool that enhances options and brings all the knowledge to people's disposal. When these technologies enter a poor economy, the citizens will benefit from the wider choices and new relationships both within the country and with the world at large. This will no longer be limited to the traditional one-directional relationship. Information technologies stand for multi-dimensional and global relationships that do not recognize national borders; such forces cannot be contained within any kind of borders and limits. Getting in touch person-to-person, from anywhere to anywhere, in a virtually costless way, is the hallmark of information technologies.

In order to achieve desirable outcomes, our leaders have to be wise, our people have to mobilize all their energy and organizational skills, and we as individuals must be strongly committed to making it happen. If we just lie on our backs under the tree of prosperity for the fruit of development to fall into our mouth, we will need a lot of prayers, luck, and time before we succeed. The alternative strategy is to climb the tree and pluck the fruit.

IT and the Poor

Can information technologies benefit the poor countries and their people? I think even if we leave it to the forces of the free market, it is very likely that information technologies will eventually get to the poor countries. Whether it will be sooner or later will depend largely on the actions of the governments in those countries. My feeling is that governments in poor countries will generally resist the entry and spread of information technologies in their countries. Except for such resistance by the politicians and the bureaucracy, I see no reason why information technologies cannot come to a poor country; however, I suspect the market mechanism alone cannot ensure fast spread of information technologies in the poor countries. I feel that new international organizations are needed with a mandate to bring these technologies to the poor countries. I have advocated the creation of an international center for information technologies to end global poverty. NGO's, businesses, academic institutions, UN agencies, foundations, and civic societies can all be linked to each other to find ways and means to bring information technologies to the poor countries.

Can the poor really have access to information technologies? Market forces do not take the poor seriously since they are neither producers nor consumers of any consequence. I have no doubt that

information technologies can reach the poor, but this will happen only by creating a new model of business, one that will help the poor engage in entrepreneurship. I have called this type of business "social-consciousness driven enterprises" that may or may not be for-profit but must have clearly defined social goals.

Many of the Grameen enterprises--Grameen Bank, Grameen Telecom, Grameen Phone, Grameen Communications, Grameen Software Ltd., Grameen IT Park, Grameen Securities and Management Company, Grameen Shakti (Energy), Grameen Uddog (Enterprise), Grameen Shamogree (Products), Grameen Fund (venture capital fund), Grameen Agriculture, Grameen Kalyan, and Grameen Education fall into this category of business organization. Conventional economic theory ignored the poor because it conceptualized the private economy as a wage-employment-based economy. If you are not looking for a job you are not in the market. The idea of self-employment never crossed the minds of labor economists. If we bring in self-employment as an option, the market immediately recognizes the importance of the poor. Information technology is the greatest technology the world has ever known that can promote self-employment. In fact, generating more self-employment by itself is a good reason for bringing information technologies to the poor.

It is silly to ask, "How can a poor person own a computer to have access to Internet?" This question can be posed in a different way: "How can a poor woman in a Bangladeshi village own a mobile phone?" Grameen Communications has answered the first question by creating village Internet kiosks. Grameen Bank and Grameen Telecom have answered the second.

Today Grameen is using information technologies designed for the better-off people and businesses in the rich countries. Grameen does not have the capacity to design appropriate information technologies for the poor; otherwise, it would have designed such technologies that would act as a friend, a philosopher, a guide, a business consultant, a business executive, a teacher, an accountant, a doctor, and an entertainer for a poor person.

The Future of IT in Bangladesh

What prospect does Bangladesh have in quickly entering the IT age?

I am very optimistic about Bangladesh getting to the frontlines of the IT revolution. To begin with, we have a very young population. The younger the person is, the better the chances of him getting into the IT mode. Almost half of the population of Bangladesh is under twenty. The young tend to be highly creative. With little or no institutional support, some of these young people have shown great success in entrepreneurship in the information technology arena.

Bangladesh has led the world in micro-credit, a homegrown technology that has been adopted all over the world. Micro-credit and information technology have one big thing in common: they both empower the individual. This common factor makes them mutually reinforcing. Bangladesh is the only country in the world that has taken the mobile phone to poor women in the countryside in a highly successful commercial operation. This was done with the help of micro-credit. The success with the mobile phone has laid the foundation of future inroads of services like e-commerce, e-healthcare, e-literacy, e-education, and e-jobs in the villages, especially for the poor women. With information technology, we can put the world market within the reach of the poor people to allow them to exit poverty in their own creative ways. Bangladesh already has a fiber-optic backbone running along the railway tracks. If we can quickly connect it to the fiber-optic submarine cable, the entire country will be fully connected to the world immediately. I strongly feel that Bangladesh can be a world-class player in the global information technologies sector very soon.

The Challenge and the Peril

With higher speed we can get to our destination faster. We can save time so that we can use it for meaningful purposes. However, high-speed driving can be hazardous—it increases the chances of fatal accidents. We must prepare ourselves to avoid such accidents. We must also build the right kind of roads to support any high-speed driving. We should ensure better driving skills and establish driving norms to have a safe journey.

Information technology is bringing this new speed for the first time in human history. The new speed will change all aspects of human life. In twenty-five years, we will be living in a very different kind of world. Ten years henceforth, when we look back, we will be shocked at our thoughts and activities of today. They will appear out of place and primitive. When our children reach our age, they'll pity us for missing out on the good things in life.

Just at the time when this accumulation of wealth is taking place at a high speed in new economies, we are

told that poverty is expanding in the world at an alarming rate. Today there are 1.5 billion people living in abject poverty. This number stood at 1.2 billion just four years ago. At this rate the number of poor will double by the year 2040. Another three billion people will be living in poverty in just forty years, not exactly good news to have at the beginning of the new millennium!

Would globalization help the poor climb out of poverty? I don't think so, especially if we leave the poor at the mercy of market forces driven by greed. However, if the world is concerned about the poor and is willing to help them prepare themselves to ride the wave of globalization, the poor can become the beneficiaries of globalization. Trade brings great opportunities to the poor to move out of poverty if they are equipped to seize these opportunities.

Information technology is the road that must be brought to the door of the poor. The poor should be given the opportunity to acquire the skill to use this technology to their advantage. We must design information technology in such a way that a totally unprepared poor person can immediately begin to understand it without feeling threatened. I have proposed the creation of an "International Center for Information Technology to End Global Poverty" to create an appropriate information technology infrastructure for delivering the service to the poor.²

The Role of the Civil Society

Information technology is not a "mantra" from an old scripture found in a cave somewhere. We cannot just meditate and chant the mantra and the New Great Global Society will be born in Bangladesh. In order to create the new economy and the great society where not a single human being will suffer from poverty, we need to work hard. Some of the ways the civil society can help are as follows: First, the civil society has to be very active and vigilant to see that the private sector IT does not fool the consumers, does not make excuses for restricting competition, and makes continuous efforts to bring IT services to the poorest, particularly among the women. Second, organizations such as the Rotary can play a very important role in all of these. The Rotary has done an amazing job in confronting the curse of polio. Whatever little is left of polio, hopefully, will soon be gone. I bow my head in respect to the

² Speech given at the Rotary Conference, Dhaka, April 7, 2000.

Rotarians all around the world who have made this impossible task possible.

I propose that the Rotary and other civil groups take on the challenge of ending poverty in the world. With information technology, the issue of poverty can be addressed from a different perspective. Bringing information technology to the poor can create a strong foundation for poverty eradication. The Rotary can dedicate its energy, resources and organizational capabilities in bringing information technologies to the poor people and link them with the world economy. While linking the poor with businesses, the Rotary can also help bring e-healthcare, e-education, and e-knowledge to the poor, with an emphasis on poor women.

Should we accept the estimate that global poverty will be doubled by 2040, and wait for this to happen, or should we come up with an action plan to prove this estimate absolutely wrong? We can generate enough social, political, and economic commitment in the world to end poverty by 2040, instead of allowing poverty to double by this date. We can create a poverty-free world and celebrate it in 2040.

Let history record that people ended poverty in their planet half way through the century by creating a New Global Humane Human Society by assigning it a much higher priority over every other planned accomplishment.

Support From NRB's

Information technology needs very strong support from the non-resident Bangladeshis (NRB's) who can serve as a strategic bridge in bringing IT businesses to Bangladesh. Bangladesh has to prove its worth in the international IT market. NRB's can ease Bangladesh into this market by helping with expertise, information, links, and importantly, credibility. Bangladesh does not have to start big, or at the top. It is always safe and rewarding to work from the bottom and move up. Let us not expect miracles. If we work hard, miracles will happen in the end.

NRB's can help Bangladesh in designing IT-related training programs and collaborating in the areas of producing high-quality human resources through the right kind of training. Training itself can be an entry-point to the global marketplace by placing a trained workforce at the disposal of the market.

NRB's can provide information, ideas, and guidance to the IT businesses in Bangladesh. They can act as representatives of the Bangladesh-based businesses and participate as partners in these businesses.

NRB's can influence government policies in direct and indirect ways. Many of them are closely linked with top policymakers. Many are respected in Bangladesh for their personal achievements overseas. Many NRB's have influence with the leading Bangladeshi political parties. They can use their influence at home and abroad to achieve policy changes in the information technology sector. The following policy changes are also needed immediately:

1. The telecommunication sector should be totally deregulated and opened up for private investment. Every bit of restriction on private investment should be removed. The sooner this is done, the better chance Bangladesh has to improve the quality of life of its citizens.
2. Bangladesh should invite offers from private investors to connect it to the global information superhighway. The government should not get involved in the owning and managing of this submarine cable. The government should stay out of the telecommunication business.
3. The T&T Board should be privatized to get out of the present sad state of affairs in the telecommunication sector. If we cannot do this, we might as well forget about having information technologies as our launching pad for economic boom.
4. All restrictions on using national fiber optics as the backbone for information technology purposes should be immediately removed.
5. Bangladesh should have an independent regulatory body outside the government's control. Telecommunications is the highway we must use to build our future. We cannot allow this to be a narrow dirt road full of potholes where corrupt officials are waiting at every step of the way. Bangladesh will continue to stagnate if this is the road we choose. Big talk will not change the condition of the road and the condition of the economy will not improve. We must make

telecommunications a true superhighway to transport us to a future free of stoplights or sharp turns. Of course, there should be some policing, but not to slow us down; it should help us achieve safe high-speed driving.

IT is about speed and efficiency. Any compromise in either will push us out of the game. We cannot afford to make any compromises.

NRB's Can Inspire IT Activities in Bangladesh

Besides attempting to influence government policies in the IT sector, individual non-resident Bangladeshi's from all disciplines can also help in other ways:

1. Share information or tips on IT matters with professionals working in Bangladesh. Prepare a list of IT professionals in Bangladesh and brief them regularly. Nothing special needs to be done. The kind of information that comes to you in the normal course of your work or interest can be highly beneficial to your counterparts back home. Do not expect anything in return or immediate results. Just hope that it will be of some use to someone out there. If you don't want to correspond with many people, you can choose one individual or one organization to send the information to, provided they agree to pass on the information to many others in Bangladesh. The Grameen Bank will be happy to shoulder this responsibility.
2. Spend an hour each week thinking about the IT industry in Bangladesh and let that

Mohammad Yunus
Founder and Managing Director
Grameen Bank, Bangladesh
<yunus@grameen.net>

thought grow as an idea or as an action. When it is properly formulated, share your idea with a contact person in Bangladesh to be shared with other activists. We will print your idea in our newsletter if you wish, or suggest another idea. It will be of tremendous help if you lend a hand in boosting the IT industry in Bangladesh.

The greatest opportunity ever for Bangladesh is knocking at our door. Let's not lose it by being slow in opening the door or not opening it wide enough. If we do not respond forcefully, history will not forgive us.

References

Cairncross, Frances., The Death of Distance: How the Communications Revolution Will Change Our Lives, 1997 Harvard Business Review Press.

Tapscott, Don and Art Caston., Paradigm Shift: The New Promise of Information Technology, 1993 McGraw-Hill Inc.

Kalakota, Ravi and Marcia Robinson., E-Business: Roadmap for Success, 1999 Addison Wesley Longman, Inc.

Yunus, Mohammed, "IT for the Poor to End Global Poverty," Keynote Speech given at the International Rotary Presidential Conference 2000, Dhaka, April 7, 2000.