

## View from the bottom

DR FAHMIDA KHATUN

AFTER several meetings, the Minimum Wage Board (MWB) formed by the government has come up with much awaited figures on the minimum wage for the workers of the ready-made garments (RMG) sector. Needless to say that Tk 1662.50 as the minimum wage for the seventh grade workers is nowhere near the demand of the workers who had been firm on their position for an amount of Tk 3000. Though a section of workers' leaders agreed to the recommendation of the MWB, another section has termed the proposal as unrealistic. How these two opinions will coincide is a matter of concern as tranquility is essential for smooth operation of this important sector.

## What and why

In a wage-based economy a worker provides his labour or service to the employer in exchange of a wage. This wage should be enough to support an acceptable living of his own and family. The concept of "necessary" has been used to understand the issue of a living wage. In 1789, Adam Smith in his famous book, *An Inquiry into the Nature and Causes of the Wealth of Nations* described the concept in the following way: "By necessities, I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for credible people, even of the lowest order, to be without."

At present, minimum wages are determined in most countries of the world notwithstanding opposing opinions from different sections of the society. A minimum wage is the lowest level of payment for a specific job established by the law. It is determined and applied in order to provide social and economic protection to the low wage workers that are the most vulnerable section. The economic objective of minimum wage is to motivate workers to contribute to the economy and

share the benefits of economic growth.

In Bangladesh there is no national minimum wage though a Minimum Wage Board was formed in 1961 through the Minimum Wage Ordinance. In January 1994, the government determined Tk 930 as the minimum wage for the RMG sector. Since then, the minimum wage has not been revised.

## How much should it be?

The International Labour Organisation (ILO) Convention on the Minimum Wage requires that minimum wage should be fixed by taking into account the needs of the workers and their families, the general level of wages in the country, the cost of living, social security benefits, and the relative standard of living of other social groups.

In the context of Bangladesh, the re-fixation of minimum wage has to be done taking into consideration issues such as inflation, per capita GDP growth, change of exchange rate during 1994-2006, poverty level, productivity, actual expenditure of workers, etc.

Thus, if the Consumer Price Index (CPI) and per capita GDP growth are adjusted for the period 1994-2006, Tk 930 then amounts to Tk 2669.82 today.

If workers are to be kept above the absolute poverty level by providing minimum one US dollar per day, as internationally set, minimum wage comes to about Tk 2,000 per month.

Alternatively, if only the cost of food is considered, Tk 1061 is required per person for buying food equivalent to 2122 kilocalorie, minimum requirement for one person.

One can guess how much the total cost would be if food costs of other members of a household, housing, transportation, medical, education, and other costs are taken into consideration. Whether the MWB has taken these factors into consideration or not is not clear and has not been reflected in the recommendations.

## Unemployment

**In the context of Bangladesh, the re-fixation of minimum wage has to be done taking into consideration issues such as inflation, per capita GDP growth, change of exchange rate during 1994-2006, poverty level, productivity, actual expenditure of workers, etc. Thus, if the Consumer Price Index (CPI) and per capita GDP growth are adjusted for the period 1994-2006, Tk 930 then amounts to Tk 2669.82 today. If workers are to be kept above the absolute poverty level by providing minimum one US dollar per day, as internationally set, minimum wage comes to about Tk 2,000 per month. Alternatively, if only the cost of food is considered, Tk 1,061 is required per person for buying food equivalent to 2,122 kilocalorie, minimum requirement for one person.**



It has been argued by some that fixing of minimum wage may cause unemployment. However, the relationship between these two variables is not so simple, and depends on several other parameters including the prevailing market rate and alternate sources of employment in the economy. The examination of some of the parameters reveals the following facts. First, the minimum wage for the

workers of the state-owned enterprises is Tk 2,450 which is way above the MWB suggested amount for the RMG workers. Second, there is still demand for skilled labour in the RMG sector in Bangladesh. This is reflected through frequent mobility of workers from one factory to the other. The only way to hire skilled labour is to employ the unskilled ones first and train them. Third, over the past decade or so the rural



economy has also gained momentum and is capable of absorbing a large number of people. Non-farm activities and self-employment through micro-credit have created opportunities for both men and women. Fourth, the very idea of fixing minimum wage is to prevent the exploitation of labour, particularly if the supply of labour is abundant. Fifth, multi-country empirical research undertaken by the ILO

found that the level of minimum wage has an insignificant effect on the level of employment while minimum wage may bring results in poverty alleviation by improving the living conditions of workers and their families.

## Will RMG sector survive?

It is argued that over the years the profit margin has gone down. On the other hand, cost of production has

increased due to rise in various costs including shipment, airfreight for late delivery, installation of captive power or generators due to power shortage, lighters, insurance, marketing abroad, bank interest, R&D, and above all, bribes to various quarters. However, the only advantage is cheap labour whose cost has not gone up for long 12 years. It is ironic that entrepreneurs can absorb all such costs but not the labour cost, and are afraid of losing competitiveness or even to survive due to rise in minimum wage.

There are several factories that compete in the high-end markets. At the same time, there are also many small and sub-contracting factories which find it difficult to pay even Tk 930. The fixing of minimum wage cannot be based on these extreme cases. Keeping the weaker factories alive at the cost of workers' wages is not logical. It is also not wise to remain competitive in the world market by keeping wages low. Economically, in the long run it will not pay back since taking care of the labour causes is also a productivity and compliance issue.

It has been evident that the RMG sector of Bangladesh has faced the challenge of Multi-Fibre Arrangement (MFA) phase out successfully. During July 2005 and June 2006 the increase in export in terms of dollar value was 13.5 percent for woven and 35.4 percent for knit. Similarly, in terms of quantity, exports rose by 17.8 percent for woven and 45.9 percent for knit. This also indicates that the average profit of the sector has not gone down drastically as there has been increase in orders.

## Role of trade unions

Sadly, trade unions of the RMG sector have very weak bargaining power and often depend on the trade unions at the national level that are not necessarily represented by RMG workers. The absence of organised trade union has been obvious during the whole period of the crisis in the RMG sector this year. On one hand, there was

nobody who really had the authority to stop the workers when things went out of hand and turned into anarchism. On the other hand, the lack of capacity to be engaged in meaningful discussion backed by economic data and analysis was painfully observed at the negotiating table. Therefore, organised, powerful, and able trade unions, both at the workplace and national level is essential for a healthy relationship between workers and employers, and for the overall development of the sector.

## Not the only issue

The tripartite agreement put forward the 10 point demand of RMG workers which include issuance of appointment letter and identity card, maternity leave with full salary, payment of wages and overtime by the first week of each month, one day weekly leave, medical leave, right for trade unions, etc. In order to develop a modern, dynamic, and competitive RMG sector, the implementation of a complete wage structure and the creation of a productive working environment are the prerequisites.

The emerging challenge for the sector is to face the situation after 2008 when the EU and the US will withdraw their safeguard quota from Chinese textiles, and to move to the next trajectory. In view of the Chinese factor, the preparation of other competing countries such as Cambodia, Sri Lanka, and Vietnam, and the falling prices of cutting and making (CM), our RMG sector has to prepare itself by restructuring through technological upgradation, increased productivity, and product development.

The writer is an economist.

## Curtain-time for the party

SYED S KAISER KABIR

It is fashionable to talk about the discerning behaviour of the electorate, and certainly a strong case may be made about collective rationality of the Bangladeshi electorate. In 1991, the populace rejected the politics of vengeance propounded by the AL and ushered in the BNP that had made a commendable contribution to ending a decade of dictatorship.

Yet five years later the same party resisted eminently reasonable demands for electoral reform and was replaced from power by the AL — being a champion of the concept of caretaker administration. And by the time of the last election, the quality of governance had deteriorated to such an extent that the electorate tolerated an alliance with an anti-Liberation element to boot out the AL.

Thus the electorate has faithfully returned one or other of the two parties to the highest echelons of power. Yet the reciprocation of these two parties to this allegiance has been

disdainful to say the least. Broken promises, inefficient deliverance, and above all, dishonesty have sullied the contract with the voters.

While the two-horse race in Bangladesh politics may reasonably be attributed to collective rationality of the electorate, it would be a mistake to completely rule out voter myopia. Indeed, the real tragedy could lie in a voting psychology that cannot envision a future without one or the other party as their master.

So, if the past is any guide, in a few months the electorate will once again line up in droves to choose between what it perceives to be a binary option. Then comes hope followed by disillusionment, and the cycle goes on.

Indeed, why should the eventual outcome be any different if the electorate keeps repeating its old habits? The voting behaviour hitherto is a case in point. Voting is largely along party lines, regardless of the quality of the candidate. Unsurprisingly, therefore, politicians with track-records strewn with

inefficiency and corruption have repeatedly been granted opportunities for redemption.

In some cases this impunity has extended to persons with criminal records. So, when the election symbol is the overriding factor where is the incentive for political parties to focus on the quality of the candidate? And is it really a cause for surprise if below-par politicians fail to deliver good governance?

Voting along party lines, irrespective of the quality of the candidate, can and does produce disastrous governance. It might, however, be argued that in Bangladesh institutional deficiencies have contributed more to poor governance than the quality of candidates. Undoubtedly, much needs to be done in making Parliament effective, devolving power to local levels, establishing an independent judiciary, fostering intra-party democracy, and so on. Yet it is quality of the candidate that invigorates the impetus for systemic change and determines whether a good system is utilised to its full

potential.

Thus the first step in redressing the problem of bad governance is altering how one arrives at a voting decision. Is the voter likely to pay more notice to the quality of the candidate this time around?

There is in fact cause for optimism. In a masterful essay, Kamran Chowdhury (DS October 7) reports that as much as 53% of the electorate remains undecided at this point as to how they would eventually vote. He notes: "For the first time in our history, with elections less than six months away, more than half of the voters are undecided... This is indeed an indictment of our political parties."

Does this ambivalence reflect growing levels of voter sophistication? There are compelling reasons to believe so: First, for many, 2007 would be the fourth election since 1991. By now this section of the electorate should have become immunised against outlandish manifesto pledges and mindful of the actual performance that has been delivered.

Second, circulation numbers for the print media have risen phenomenally, signifying a better educated electorate. Third, private TV channels have provided access to unbiased reporting and analysis — a welcome respite from the official propaganda of BTV. Fourth, foreign TV channels have increased the understanding of the electorate as to the practice of democracy elsewhere in the world.

Still, one should be wary of reading too much into surveys conducted six months before an election. Voters all over the world have a tendency to over-dramatise their disenchantment at this stage. The performance of BNP has not measured up to expectations, while the "Elect us and all will be well" message of the AL echoes a familiar hollow ring. It is therefore understandable why such a large section of the electorate has not stated a preference for either.

How will this ambivalence manifest itself on voting day? Will the 53% abstain, destroy their voting

slips, vote for a third party, or capitulate and vote along party-lines? It is the last element that is damaging for Bangladesh. It therefore is of utmost importance that this group believes that it has a choice — a choice of voting that is based on the quality of the candidate and not merely the election symbol.

A civil society movement for electing good candidates is well underway. This endeavour is to be welcomed with enthusiasm by the civic minded. It is now clear that this movement has a very large and malleable target audience — 53% of undecided voters at which to aim its efforts.

It has often been said wisely: "In a democracy people get what they deserve." It is high-time that we prove to ourselves that we deserve better.

Syed S Kaiser Kabir is a businessman.

## To be or not to be

ABM NURUL ISLAM

It appears that Dr Abdullah A Dewan, a former BAEC scientist, has stirred up a hornet's nest with his two pieces on "the brotherhood of bureaucrats" (The Daily Star, Oct. 4). Mr Ghulam Rahman, a former government secretary-turned-columnist, has questioned whether people like Dr Dewan, who left the country for greener pastures abroad, has the right to raise questions regarding the intentions of secretaries-turned-columnists. To me, the answer is simple.

Had Dr Dewan, who switched effortlessly from physics to nuclear engineering to economics, remained in Bangladesh and achieved the highest post in the BAEC, i.e. its chairman, his status (but not rank) would have been that of an additional secretary. Mind you, this is a concession granted to the BAEC only. Chairman of other scientific organizations like BCSIR only enjoy the status of joint secretary.

On the other hand, if Dr Dewan had chosen not to be an administrator (which a chairman basically is), but to devote his life to study and fundamental research in one of the BAEC laboratories and rose to the highest level of chief scientist or chief engineer, he would enjoy the status of a joint secretary only.

My question is: "Why should any creative person remain in this country where bureaucrats are accorded higher status than scientists, engineers, agriculturists, etc?" A few scientists from the BAEC chose to become CSPs and achieved the rank of secretary and even principal secretary (Dr Kamal Siddiqui), but why should one have to give up a career in basic research to achieve the highest posts in the country?

In this globalized world, it is utterly myopic to think that only those who are staying at home are contributing to the country. Look at the contribution that the Non-Resident Chinese (NRCs) and Non-Resident Indians (NRIs) are making in the transformation of their respective motherlands, while we take cheap pot-shots at our NRBs for having gone abroad.

And what contributions are we crowing about? That the nexus between the rulers (military or elected) and the bureaucrats (with some honourable exceptions, of course) in making us the champion

in corruption is well known. If any proof is needed, just look at what the donors are doing. They now prefer to channel donations through the NGOs, rather than through the government, the latter being a prescription to line pockets down the chain.

Admittedly some brilliant minds like Mr Shafiqul Azam and Mr Manzurul Karim were attracted to bureaucracy because of the power and influence it wielded. In the ultimate analysis, it was possibly a loss to the country. Imagine what a loss it would have been to the Muslim world if Prof Abdus Salam chose to be a secretary. There is no Nobel Prize for bureaucracy.

The recently announced 2006 Nobel Prizes in Physics, Chemistry, and Medicine have gone to five scientists of one country — the US! There is no glorified administrative class like ICS, CSP, or BCS (Admin.) in that Land of Promise to lord over the rest of the people. In fact, their mantra is: "The less governance (i.e. bureaucracy), the better."

People's spirit of enquiry and pursuit of knowledge and/or happiness are not stifled there by layers of bureaucracy and red tape. Let me give an example here. If a senior BAEC scientist is to attend a meeting in the IAEA HQ in Vienna, he needs to lobby starting from the senior assistant secretary of the controlling ministry right up to the minister for the government order (GO) to go abroad. Often the GO would arrive the day the meeting is going to close in Vienna. And BAEC is supposed to be an autonomous body!

While our bureaucrats are eager to send their children to the Land of Promise, they are unwilling to give up their perks and power at home. In fact they have blocked every effort made in this direction. It is imperative that we dismantle the colonial legacy of a privileged and elite bureaucracy, originally created to cater to the interest of its colonial masters rather than its subjects. It is time we attached proper value to science and fundamental research for this country to flourish. Otherwise, we have no right to blame people like Dr Dewan for having gone abroad.

The author is a former BAEC and IAEA official.

## Congratulations to new UNSG Ban Ki Moon

SYED MUAZZEM ALI

All speculations are over. Ban Ki Moon, the South Korean foreign minister, is all set to take over as the new UN secretary general. Last Monday he won the fourth and last UN Security Council straw poll very comfortably, like the three previous polls. This time he bagged fourteen votes in favour, none against, with one abstention. The ballot papers of permanent members were marked differently this time so that their negative votes (vetoes) could be identified.

Following the vote, the Chinese permanent representative to the UN informed the media that since Ban was not opposed by any of the five permanent members, he would be the Security Council's nominee. Ban has thus crossed the most difficult hurdle and the rest should be a mere formality. The formal voting at the Security Council takes place this week and thereafter it will be placed before the General Assembly for endorsement. So

congratulations to Ban are in order.

Incidentally, his nearest opponent, Indian nominee Shashi Tharoor, once again came out second, with ten votes in favour, three against (which included a negative vote by a permanent member), and two abstentions. Shashi has already issued a concession statement, congratulating Ban on his victory. The rest of the candidates received multiple negative votes of permanent members.

One must compliment the contending Asian member countries, the sole permanent Asian member China, and the other Asian non-permanent members of the Security Council for keeping in mind the overall interest of Asia. Any divisiveness on their part would have surely encouraged outsiders to field their candidates. Of course, a last minute effort had been made to field the candidature of Latvian President Vike-Freiberga, but it had been firmly opposed by seven Council members, including two permanent members.

As Ban takes over "the world's

most impossible job" next January, the tasks and challenges for him will be enormous and wide-ranging. The first and the foremost will be to restore the credibility of the world body in the post 9/11 era. The menace of terrorism affects all countries, and it must be faced globally on all fronts; at the same time, the central role and authority of the UN has to be restored. No country alone can fight this war. The ongoing devastating Iraq war, the worsening of the security situation and the reemergence of Taliban in Afghanistan have demonstrated that the "war on terror" has failed. A new global consensus must be created to face the challenge collectively under the aegis of the UN.

Ban, in his skillful campaign, made the point quite clear in response to a question about the love-hate relations between the UN and the US. He said that "global challenges call for global responses. The United States cannot do it alone. The United States needs the United Nations and vice versa." As the representative of America's key strategic ally —

South Korea, Ban is in a unique position to bridge the gap between the UN and the US.

The second task should be to reform and revitalize the ailing UN secretariat on a top priority basis. His predecessor, Kofi Annan, neglected this mundane task and was badly bruised by the Food-for-Oil bungling. Although he was personally cleared of all corruption charges by the Volker Commission, he was largely a lame duck secretary general during the last two years. During his campaign, Ban had rightly articulated a comprehensive approach to turn the UN into "an effective, accountable, and transparent global organization." He had also promised to "reform the culture of organization, increase accountability, and toughen ethics." Surely, the member states would extend to him, and his secretariat, greater flexibility, but would expect in return greater accountability from them.

One of the fundamental tasks is to coordinate various development efforts of the UN. Currently, the entire gamut of development work

is done by departments and agencies in such isolated manners that very often, the right hand does not know what the left hand is doing. There is a clear need for greater coordination and monitoring mechanism so that the strategic focus does not get diluted. Ban has rightly pointed out that the "strategic focus should be more on achieving the goals already set rather than identifying new frontiers to conquer." The implementation of the Millennium Development Goals (MDGs) should be on his top priority list.

How much do we know about Ban? Well, the 62-year old career diplomat has all the indispensable qualities for this top most diplomatic and managerial job in the world. His supporters say he is a consummate mediator and a world class administrator.

The Westerners may find him "low profile" and "uncharismatic," but Ban, in a recent interview with the International Herald Tribune, said: "Some westerners don't seem to fully understand the Asian leadership virtue of being tender in appearance and resolute in mind."

His spokesman at the Korean Foreign Ministry described his boss as an "iron-fist-in-velvet-glove" kind of person. A veteran South Korean diplomat who worked with Ban, added: "He knows how to disagree without being disagreeable."

During his thirty-six years of diplomatic service, he has spent nearly a decade at the UN, and has served in South Korean missions in Washington DC and Vienna. He has also served as the national security adviser to the South Korean president, and as vice foreign minister before taking over as the full foreign minister in 2004. He has played a leading role in the six-nation talks aimed at curbing North Korea's nuclear ambitions.

The writer is a former Foreign Secretary.