

The role of economic zones in tackling labour compliance

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NAZNEEN AHMED

ON the morning of November 4, I opened the paper and read an op-ed about the plight of RMG workers. As a long-time practitioner in the social management arena, the issues presented were well-known to me: lack of appointment letters for employees, low wages, long hours, late payment, among others.

However, perhaps most people don't know that there are several enclaves in the country where the situation is drastically different: the eight EPZs in the country. In my recent work with the Bangladesh Export Processing Zones Authority (BEPZA) to set up social management systems in the country's EPZs, I saw first-hand a transformation in the handling of labour-related issues in the factories operating there.

What makes zones different?

We have to consider why -- not only in Bangladesh but also all over the world -- zones can be an excellent place for improving social and environmental compliance of companies.

First, there is a strong feeling of "community" inside the zones. Because zone companies are co-located within a fenced area, they can't really turn a blind eye to what their "neighbours" are doing. International buyers often have strict standards of compliance on social and

environmental issues, and generally frown on suppliers with bad reputations. This creates a positive peer pressure to do what is right.

Second, zones have a central zone administration that to a certain extent keeps an eye on each of the companies functioning within the zone. The management body of a zone acts as a regulatory authority over the companies operating inside its perimeter. Even in countries that take a laissez-faire attitude towards the companies operating in their zones, the zone management nearly always knows exactly what's happening, and has a variety of tools at its disposal to monitor and enforce compliance, should it choose to do so.

Third, because companies in a zone are closely located, travelling distances between the companies are short, and the logistics of conducting inspections are simplified.

EPZs in Bangladesh

The EPZs in Bangladesh are great examples of this zone dynamic. Since 2005, BEPZA has had a group of 60 counsellors working as monitors of labour laws in the factories functioning in the zones. They visit the factories on a daily or weekly basis, provide orientation to management with respect to correct procedures for applying labour regulations, raise awareness among workers of both their rights and their obligations before the

Results of BEPZA's Counsellor Program 2005-2008: 8 EPZs		
Area of Labour Compliance	Compliance in 2005 (%)	Compliance in 2008 (%)
Appointment Letter	40.2	94.4
Confirmation Letter	53.0	90.6
Casual Leave	59.8	100.0
Sick Leave Ensured	33.3	97.8
Earned Leave	35.0	96.4
Maternity Leave	57.3	96.4
Minimum Wages Ensured	30.8	89.5
Yearly Salary Increment	68.4	87.4
Overtime Calculation	63.2	89.5
Festival Bonus	71.8	89.5

law, and also arbitrate between workers and management in cases of dispute. They submit a monthly report on every EPZ enterprise to BEPZA.

The results of the counsellor program have been astounding. As the table below demonstrates, they have racked up solid results in a number of key social compliance areas in a little over three years. Compensation to workers went up 32%, simply because the counsellors oriented the management of the zone companies with respect to correct compensation laws.

In Chittagong EPZ, for example, there are more than 130 different companies. Imagine rolling out a similar program for 130 companies scattered throughout the country, the story would have been different. There would have been no positive peer pressure by "the neighbours" to persuade companies to comply. It would have been physically impossible for the counsellors to make their daily/weekly rounds on a regular basis.

Furthermore, whereas the EPZs have the resources to deploy teams of labour counsellors to the companies within their fence, the Department of Labour has far from enough resources to deploy an

adequate number of inspectors to the four corners of the country to monitor compliance in tens of thousands of companies. Also, there are few, if any, enforcement options open to the government for companies that don't comply. The EPZ authority has a number of measures at its disposal to ensure that their companies comply with labour issues. BEPZA can, for example, suspend vital services that they supply to their tenant companies if those companies do not comply.

How can economic zones help ensure company compliance with labour standards?

- Zones can be targeted for special social procedures and systems that apply to the companies clustered there. One example is the counsellor program that BEPZA has used with such effectiveness in the last four years.
- Shared facilities can be created within zones that are designed to improve the lives of those working there, such as first-class health care facilities, training facilities, dormitories that provide decent living conditions, and recreational facilities.
- The development of new zones can be



Showing the way.

encouraged, which will include social compliance in all their leasing agreements with their investors. This was apparently the intent of this government in drafting the Economic Zones Act, which was approved in principle by the cabinet in April of this year, and is now poised to be tabled in Parliament. We can encourage the government to ensure the speedy passage of the Act, which obligates new zones to comply with national social and environmental standards.

- Finally, zones can serve as pilots for labour reform and as an experimental laboratory for new procedures that can eventually be rolled out in the rest of the country. The systems currently being used by the counsellors in the EPZs, and which have proven to be so effective,

can eventually be used outside the zones of the country with some variation of the counsellor program.

We all know that zones are excellent creators of new jobs. In order to ensure that those jobs really do improve the lives of zone employees, these and other measures can be taken in economic zones to ensure compliance with labour standards.

BEPZA, the counsellors, and the companies that operate in the EPZs should be commended for improving the labour compliance within the EPZs. These efforts serve as a model for zones all over the world. Let's continue on this path and view economic zones with new eyes as potential torchbearers for improved social compliance.

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The Indian overture

This builds on what Indian Home Minister P. Chidambaram had earlier disclosed regarding back-channel diplomacy. Manmohan Singh's overture is more authoritative and direct. It deals with Pakistan-India relations in general as well the disputes in particular.

M.B. NAQVI

INDIAN Prime Minister Manmohan Singh gave a brief speech on the Indian-controlled Kashmir's soil. This builds on what Indian Home Minister P. Chidambaram had earlier disclosed regarding back-channel diplomacy. Manmohan

Singh's overture is more authoritative and direct. It deals with Pakistan-India relations in general as well the disputes in particular.

It is true that the earlier formal Indian condition that Pakistan should give up supporting non-state actors against India stays. This can be a formulation that will

make the idea acceptable to the Indian Right. There are Pakistan's persistent demands and entreaties that the dialogue between the two countries should restart and that Pakistan is itself the victim of terrorism. It can scarcely favour terrorism. Hardly a day goes by without any terrorist attack in some place or other in Pakistan.

The Indian prime minister was specific about the developments he desired in Kashmir and wanted the known benefits of more trade. He used the word "trade" in a very comprehensive sense. He obviously included in it economic cooperation and perhaps more.

As for the Kashmir issue, he wanted the CBMs that are already in place to be expanded and made more effective. For instance, he says there is trade across the LoC but it is pitifully small. People do cross the LoC but only few are able to obtain the necessary papers from the two governments. And so on.

This was a specific reference to what needs to be expanded. There were other references to Kashmir's CBMs already in place. The idea he was floating was to expand them all. This takes what Chidambaram had said a few days ago much further.

As for the general question of trade, he said it should increase east and west of Pakistan, meaning that India-Pakistan trade should expand and also that Pakistan should permit the transit of Indian goods through Pakistan territory. India has long wanted transit facilities through Pakistan. Given the Indo-Pakistan relationship hitherto, it was far too much to expect. The relationship has to be much better than what it has been before Pakistan will agree to that.

This is a sensitive question in Pakistan. The central bureaucracy is not for it, though originally it was thought that most of the opposition to increased links with India came from the old Muslim League school of thought in Punjab. It is to be found more in Punjab than elsewhere in Pakistan. As a result of recent changes, especially recent developments in Punjab itself, opinion has veered toward letting Indian goods transit through Pakistan territory. Its benefits were to be realised. But there is some considerable way to go before the Pakistan government will permit that.

There is no doubt that Indians are keen on it. And unless Pakistan permits this trade, India will not be forthcoming in other matters between the two countries. There is no doubt about the fact that the Indian economy is expanding at a fairly rapid rate. Whether or not India becomes a superpower, it will certainly become one of the great powers. But it cannot attain that potential, which is inherent in the Indian economy, without cooperation from Pakistan, particularly in the matter of transit.

Actually, India-Pakistan friendship is what is required and friendship is a two-way street. Both sides have to give something to take something from each other.

In terms of potential, there are international schemes of connecting Europe with the Far East, both in the southern and the northern regions, by rail and road. The southern link-up is to pass through India, Bangladesh, Pakistan and Afghanistan. Railways have to be laid.

Pakistan's rulers are said to be afraid of international spies getting into the country. But there are few countries that can

prevent foreign spies from plying their trade. Every country has to be strong enough to take all that in its stride. It happens everywhere. Pakistan is not, or should not be, so weak as to be destabilised by a few foreign spies working inside it. Against this disadvantage, there are bewitching advantages of growing trade. Pakistan's own development will get a fillip, and international trade through Pakistan will earn some rent for it.

Once such international trade by rail and road gets going, Nepal, Bangladesh and Sri Lanka too will be benefited. Bangladesh and Nepal both have differences with India over trade; India wants transit route to its North-East through Bangladesh, which remains closed.

Nepal also wants new transit rights through India for its foreign trade. A region-wide modus operandi is indicated, and would be beneficial to all the states of Saarc. Maybe Saarc is waiting for this particular stimulus for its growth and success.

But, for some such thing, India-Pakistan relations cannot remain what they are if these international schemes are to fructify. Commonsense and dogged enmity are mutually exclusive. India and Pakistan have to reconcile, at least enough to permit economic cooperation and direct trade between them, and letting all international trade through Pakistan territory would go a long way in providing economic incentives for rapid development in the country. The question is how can relations between India and Pakistan be improved?

So far it has been a circular argument: since relations are bad, economic cooperation cannot grow, and since there is not much of trade and economic cooperation,

relations between them are bad. Both parts of the argument need to be changed.

Manmohan Singh talked about banking facilities and other matters. His view seems to include far greater Indo-Pakistan cooperation than has so far been discussed. The issue boils down to what makes Indo-Pakistan relations so rigid and bad. What has happened recently to ride out on that situation? The enormity of the trust deficits the two must overcome is staggering because of having been inhibited by the difficulties for so long. While it is true that where there is will there is a way, here the question is of creating the will.

One way of looking at things is to concentrate on how the benefits that will accrue will outweigh the disadvantages. In the Indo-Pakistan disputes one thing that is lacking is the political will to become friends. Both sides lack it or lack enough of it. But the benefits of rapprochement between the two are so great that it is a pity that things should remain as they have been, especially when they are not in a position to take their "enmity" too far due to the implications of nuclear deterrents, difficulties in Kashmir and emerging water dispute.

While smaller territorial disputes can be resolved easily, the main ones now are the opposing nuclear weapons sitting cheek by jowl and the big and growing questions about the absolute water shortage that is going to hit both countries due to climate change. They have to be ready to sort these out. Both have to go a fairly long way before this can happen.

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A thaw in relationship?

Politics of placement

Here, a faint attempt at gender balance seems to have overridden the representation of history. Political correctness has found a place in the arrangement of the museum as well.

HABIBUL HAQUE KHONDKER

HOW we place exhibits in a museum is as tangled a problem as placing nationalist figures in history. In both situations politics more than anything else plays the decisive role. This is not surprising since the history of a nation and that of its national museums are interlinked. National museums are nothing more than the narratives of nationalism.

Immanuel Wallerstein, the noted sociologist, once defined history as the record of the past, not as it was but is. In other words, the past is always seen in the light of the present -- the present weighs heavily on representing the past. Much depends on who is doing the writing. There is an African proverb that says, and I paraphrase: if lions could write their history it surely wouldn't be

the history of heroism. But history is written by the hunters not the hunted.

Recently, at Madame Tussaud's Wax Museum at London, these thoughts returned to me as I toured the exhibits and had my picture taken with the replicated celebrities. As I scrutinised the life-sized representations of the film, music, sports and political stars I realised that the artists who made them did a much better job with the so-called western icons than their non-western counterparts. For example, the image of Aishwarya Rai hardly looks like the real Aishwarya Rai. However, the replicas of Beyonce or Angelina Jolie are replaceable with the real stars. A similar difference is apparent when it comes to Shahrukh Khan versus Brad Pitt.

Inadequacy in artisanship is a minor flaw compared to the problem of the politics of placement, locating the icons

in the space of the museum. Where these images stand and who they stand next to are decisions that entail politics. After passing the young Beatles having a good time, you see Nelson Mandela, Mahatma Gandhi, Indira Gandhi, and Benazir Bhutto. Sadly, Bangabandhu along with Jinnah are missing; so are the South-East Asian heroes. Here, a faint attempt at gender balance seems to have overridden the representation of history. Political correctness has found a place in the arrangement of the museum as well.

Then you see George Bush standing to the right of Martin Luther King, and Fidel Castro to King's left. That's ok. Marxists are leftists and someone like George Bush was surely an apple in the eyes of right-wing politicians in America and elsewhere. Then all the "dictators" -- Mugabe, Saddam Hussein, Adolf Hitler, Yasser Arafat, etc. -- are placed in a "dictator's corner."

Yasser Arafat was controversial, but a dictator he was probably not. Shortly before former Indian Prime Minister Mrs. Indira Gandhi's last visit to the United States in the early 1980s, Mr.

Yasser Arafat was awarded an honorary doctorate by one of the Indian universities. Naturally, Mrs. Gandhi was quizzed by the American media. In a nationally televised network interview an American journalist asked quite predictably: "How could you justify awarding an honorary degree to a terrorist?"

Mrs. Gandhi's reply is etched in my memory. In the confident manner of a distinguished statesman, she replied: "As far as we are concerned Mr. Yasser Arafat is a nationalist leader fighting for his people." And this is exactly how millions of people around the world would evaluate Mr. Yasser Arafat. Would Madame Tussauds replace Yasser Arafat with George Bush? How will history evaluate Saddam Hussein? Or George Bush? Who wins the bad guy of the decade or century contest?

Saddam Hussein did many bad things for which he may deserve a place in the "hall of infamy." But what about comparing him with leaders of democracies such as George Bush junior? The legacy of an illegal war unleashed on Iraq, which continues to create tragedy after tragedy, may secure Bush junior a



Politics in a museum?

rightful place in that corner when a fuller evaluation of his presidency is made.

The exhibits at Madame Tussauds are not permanent. They are removed after a while and presumably placed in cold

storage, only to be resurrected at more opportune moments. Does that not mirror historiography?

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