

Selected extracts from the October issue of Forum

# Unanswered questions about the garments wage issue



**JYOTI RAHMAN**  
**D**ON'T come around today, gondogol' -- the text-message blipped on my phone. Garment workers were allegedly going on a rampage in Gulshan, protesting the minimum wage award that was announced earlier that week. According to the eyewitness accounts, the people attacking the Wal-Mart office -- a major buyer -- didn't look like a spontaneous mob. There were all sorts of speculations: war criminals were behind this; oh no, it was the Indians out to destroy our economy. And these I heard not just in political addas

over cha-nashta but also in TV talk shows attended by supposedly knowledgeable people. Everyone was giving strong, polarised opinions: "Our garment workers are treated like slaves and nothing short of a 5,000 taka minimum wage will do" versus "a 3,000 taka minimum wage will decimate our global competitive edge". Meanwhile, I heard garment workers in the Ashulia-Savar belt, and their employers too, worry about exactly what the policy entailed and what the future would hold. Then, within a few days, our "chatterati" culture forgot the whole issue. But this is not an ordinary issue. Readymade

garments account for well over three-quarters of our exports. Millions are dependent on jobs in the sector. Social benefits derived from female participation in the sector rival the best efforts of government and non-government development agencies over the past few decades. This is an issue that deserves far greater attention and deeper analysis than what we have seen. I ask some questions in this piece that should have been raised in policy dialogues and seminars. It is incredible that our think tanks and policy researchers haven't tackled these questions either.

### Is this a living wage?

The package announced on July 29 saw the minimum monthly wage in the sector rise from 1,662.50 taka, set in November 2006, to 3,000 taka. Assuming that the wage set in November 2006 covered the essentials, the first thing we would want to know is whether the wage rise was sufficient to cover rising cost of living.

The consumer price index (CPI) for urban areas had risen by about a third between November 2006 and June 2010. So at first glance, it would seem that the nearly doubling of the minimum wage is quite generous. But is the CPI for all city dwellers a good gauge of garment workers' cost of living?

The Bangladesh Bureau of Statistics doesn't provide a basket for garment workers. However, monthly retail prices for some essentials -- the proverbial rice, lentil, oil and salt -- are available until 2009. Throw in a kilogram of coarse rice, 250 grams of red lentil, 40 ml soya bean oil and 10 mg salt and we get a rather bland plate of khichuri. In

November 2006, with the then monthly minimum wage, one could buy 43 such plates, while 3,000 taka would have fetched 79 plates. Rising prices in 2007 and 2008 eroded the purchasing power of taka, and by December 2009, 3,000 taka could get one

only 51 plates (Chart 1). When evaluated against price increases of essential goods, the minimum wage has been raised by only a sixth, not nearly doubled.

Of course, one can't just eat khichuri, one has to live somewhere too. I don't have a series on rents in Dhaka slums, but I'd hazard a guess that it has moved up quite a bit since 2006. Perhaps most importantly, how does one know that the 2006 minimum wage was sufficient to cover subsistence?

In 2005, the poverty threshold in Dhaka was estimated to be 890 taka per person per month. Even accepting this poverty line, the 2006 minimum wage was sufficient to cover 1.9 persons' subsistence. How many persons does an entry-level garment worker provide for?

Remarkably, five years of urbanisation, inflation, remittance boom and 5.5-6 percent economic growth later, the 2005 estimate is still the best guide to the poverty line. So there is no way of formally gauging what would be a reasonable award now.

For the full version of this article please read this month's Forum, available free with The Daily Star on October 4.

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# Nationalism's last frontier

**QUAZI ZULQUARNAIN ISLAM**

**I**T is June 11, 2008, a Wednesday, and the rain is absolutely pouring down in the Swiss city of Basel. Grey clouds swirl ominously above and beyond the open roof of St. Jakob Park stadium where supporters find every little bit of shelter that they can. Out on the pitch, however, hosts Switzerland are playing Turkey in a winner-take-all clash. This final game in Group A would determine who would make the quarterfinals of Euro 2008.

Thus, despite the torrential downpour, the support is overwhelming and the action no-holds-barred. More importantly, given the circumstances, the tension is thick enough to slice with a knife. And there are the afters. The last time these two teams clashed back in 2006, the match ended in a mass brawl between the two sets of players.

All this, sets up the game perfectly. At the start, the weight of expectations seems to be playing on the Swiss, who put in a lacklustre display. Turkey, buoyed on by the quest for revenge look more assured.

But out of nowhere, Erin Derdiyok beats the offside trap and squares for Hakan Yakin to score. Switzerland are one up and the tension is somewhat alleviated.

Minutes later the two combine again and Derdiyok puts Yakin through again. This time, however, Yakin inexplicably misses an open goal. On the replays it looks easier for him to score. But somehow he flicks it wide.

The crowd is aghast and cannot believe it. But a select few shake their heads knowingly in a manner that suggests they expected nothing else. And the nods soon morph into full-fledged insults when, a few minutes later, Valon Behrami also contrives to miss the easiest of opportunities. It is all downhill from there. The rest of night descends into a series of cat-calls and screams and it is no surprise then when the Swiss crash out to two late goals from a spirited Turkey



side. The Swiss fans curse their luck and the weather which made conditions unplayable but the biggest retribution is saved for Yakin and many accuse him of intentionally missing an open goal.

The reason? Yakin is ethnically Turkish. So is Derdiyok. And in the eyes of the Swiss fans, they were basically playing against their "own country". Most cannot seem to shake off the lingering feeling that Yakin, whose mother wanted her son to play for Turkey rather than Switzerland, decided to do his country of origin a "favour."

It is a jingoistic allegation and one that has no basis on facts but try telling that to the masses who lay the blame for their exit solely on the shoulders of Yakin.

But what of Valon Behrami? He too missed a golden opportunity. This only gives fuel to their fire. Behrami may be turning out for the Swiss, they claim, but everyone knows he is originally a refugee from Kosovo. In truth, all these claims are absolutely nonsense. Yakin would no more have missed the open goal, than he would have sold his mother out. And he is no more Turkish, than Barack Obama is Kenyan. Yakin was born in Basel and he grew up in Münchenstein, a town along the French and German border. He is a Swiss resident and citizen and has played all but one of his active football years in the country. By all definitions, he is as Swiss as cheese and chocolate.

But yet, in the minds of many fans, the doubts remain. No doubt these nationalistic views are draconian and unjustified, and it is even more amazing that this is a view held by a significant amount of people smack in the middle of Western Europe, long held as a beacon of light for the civilised world.

But the truth is that in this day and age of globalisation and migration, the lines of nationalism are slowly becoming blurred. And nowhere is this as evident as in the game of football.

The reason for this is simple. Even in its heartland of Western Europe, football is very much the game for the man-on-the-street. It is this appeal which has helped football grow perhaps the most universal sport in the world today. But while this wildfire like growth has ensured its global popularity, what this has also meant is that football has become riddled with elements of over-zealous nationality which is seen as a common trait of the average man-on-the-street.

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# Living wage is not just wages

**MIR MAHFUZ UR RAHMAN**

**E**VERY day, when the millions of employees of the several thousand garments factories, hundreds of thousands workers of the several hundred knitwear factories or the several thousands of workers of the few hundred spinning mills head off to work, they are busy thinking of the several daily chores and expenses as is expected of any earning professional in any other company in Bangladesh. We all seek earnings for housing, food, education, utilities and some savings for a rainy day. Others more fortunate can begin to think of some savings to take care of parents, sharing in some creature comforts and finally, some helping hand to the less fortunate.

Instead of limiting the discussion between workers and owners only in the arena of wage, which itself shall continue to be the main means of transferring of benefits, diverse ownership of equity units by the urban poor may be an additional alternative. This has been carried out successfully in India, where equity ownership by urban lower middle class, and even the poor, have made them a stakeholder in the future of the nation. Similarly, we need to think of innovative methods of channelling benefits to the workers, which breaks their leanings to the leaders of the splinter and fringe groups bent on extracting benefits through threats and violence. We should not be surprised if workers give a hearing to such destructive leaders as long as they are made to feel that only their immediate benefits are taken care of by the companies that they work for. Wage negotiations become the sole preserve for gaining compensation and the fear of the law remains the sole deterrent to violent negotiations. If the latter were to be diluted or sidelined, then taking up the law into one's hand is not a far-fetched idea. Spreading ownership among the masses is one

of the main ancillary benefits of a stock market in a capitalist society. Converting the mass savings into investible and tradable units of ownership among a large and diverse group provides both parties with returns. Owners of capital can embark on growth and expansion with flexible returns to be paid as long as the earnings cash flow remains with an approximate band of projections. However, the key point is the creation of a local stakeholder group who are willing to fund the company with increased investments and earn a portion of the company's long-term earnings.

The Bangladesh capital market has surprisingly very little exposure to the huge investments in the textile sector. As ownership is entirely concentrated in the hands of the sponsors, there is a general lack of sympathy of the general public regarding the genuine plight of the owners. And as the workers are simply benefiting from immediate wages, and completely left out of any long-term appreciation in value of the companies, there is little long-term interest in the company. The means of interactions between the company with the middle class and the worker community is severely limited.

Of course, this is not a panacea to the crisis, but surely is a symptom of concentrated capital and creation of distinct and uneven stakeholders with little overlapping interests. Also, there is no set game plan to increase the listing of textile companies with the stock exchanges. In fact, it should entirely be at the prerogative of the owners of the company. As the major risk takers, they should be in control of any such ownership dilution decision. However, the steps, whenever taken, will be very welcome.

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# Made in Bangladesh

**ZIAUDDIN CHOUDHURY**

**O**N a wintry morning in 1978 in my office in Chittagong Deputy Commissioner's house, I meet this maverick former civil servant now turned an entrepreneur asking my help to get his imported garment machinery off loaded from Chittagong customs. This was Nurul Quader, a senior colleague of mine, who had left the service to pursue his talent in the private sector, and had hit upon this rather adventurous concept of making readymade garments following the South Korean model. There was some snag in clearing the equipment for the fledgling industry he had set up, which he called Desh Garments. This was done in no time, but for me the million dollar question to him was why at all he had landed in this adventure when he had scores of other opportunities to try his business acumen.

The maverick that he was, Nurul Quader (known as Jhilu Bhai by us younger folks) told me tongue in cheek that it was because all other businesses were already taken. He had to try something untried. My next question to him was about when we would be able to see his industry take off. To this, Nurul Quader gave his characteristic response garbed in a story. He said my question reminded him of the urgency with which he would ask his mother as a young boy whenever he felt hungry, "Where is dinner?" when he fully knew that his mother was still cooking. In his case, he said that he had prepared the stove and the pot, but he was still waiting for the cooks to arrive.

The cooks in the case of Nurul Quader's kitchen (the industry in this case) were the hundred plus workers that he had sent to South Korea for training in making the garment. He

had hoped that with the return of these workers, not only would he start up his joint venture (with South Korea) in garments, he would also begin a new industry and open a new avenue of economic growth for the country.

Even after a visit to his new plant later and watching all those new workers running electrically operated sewing machines, I was sceptical about whether an industry could run depending on workers trained abroad. I would be proven wrong. Because, only in a matter of years, through the core group of trained workers and the trainers later brought from Korea, a new generation of workers would be unleashed into the country who would take Nurul Quader's dream to a new and unheard of level.

When Nurul Quader began, garments were a mere spectre in our exports. Jute and jute goods still occupied a big chunk of our exports in the seventies, and fish and shrimp export was just growing. Consider this: In 1976, our country earned a paltry six million dollars by exporting manufactured garments. This was not even two percent of our total exports that year. Today, more than two-thirds of our export earnings -- over ten billion dollars -- are from garments. From the lone pioneer factory that Nurul Quader set up in 1977, we have now more than 3,000 that help us make that kind of money from abroad. From a few hundred workers and later some more that Nurul Quader employed, we have now roughly three and a half million workers -- the majority of whom are women who work these machines day in and day out.

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# Getting and staying active in later life



**ASM ATIQUUR RAHMAN**

**O**LD age is neither a disease nor an individual problem; rather, it has become a worldwide challenge that must be addressed globally. "Later life" is unavoidable, inevitable, universal and excessively troublesome. No one can stop the process of ageing. The quality of life and the rate of ageing both vary considerably depending on a number of factors such as education, occupation, purchasing capacity, lifestyle, food habit, residential location, belief and culture, etc.

Surprisingly, ageing takes place within the context of family members, kin, neighbours, friends, work associates and the state. Lifelong preparations, making intergenerational linkages, using appropriate technology, developing right-based societal relationships, upholding religious values at the personal level, political commitment and governmental undertaking at the macro-level can help ensure a healthy ageing and active later life. Policy responses to ageing until now have tended to focus only on the provision of medical care and income security for older persons, which remain important but have been inadequate compared to the rate

of ageing occurring now and projected to intensify in the coming decades.

Population ageing is a by-product of scientific development in human societies bound to remain a dominant social problem throughout the 21st century. It is also gaining increasing recognition as one of the most influential forces of change in societies; becoming one of the defining global issues to shape the future of the world's societies.

Ageing has an influence on development and interacts with global patterns in labour and capital markets, governmental pension services and traditional support systems, all of which are further shaped by technological change and cultural transformations. Population ageing has a direct impact on socio-economic development, particularly in the case of countries going through economic transition such as Bangladesh.

Bangladesh, with its 10 million out of 160 million in the older age group, is not out of the current global ageing stream and is facing a daunting challenge in providing social security, health care and other safety net programmes to the seniors. At present, around 7 percent of Bangladesh's population constitutes the elderly population, but their absolute number (about 10 million) is quite significant, their rate of increase is also very alarming.

About 8 million of them live in rural areas. Due to a fall in mortality rate, accompanied with fertility decline over the last few decades, the elderly population of Bangladesh is continuously increasing. According to 1911, 1951, 1974, 1981, 1991 and 2001 decennial censuses, the

elderly populations in Bangladesh were 1.38 million, 1.86 million, 4.06 million, 4.90 million, 6.04 million and 7.98 million respectively. Side by side, the projected number of older persons in 2025 and 2050 are 18 million and 44 million accordingly. About 85,000 new older people are added to the over 60-year age group each year, making Bangladesh one of the 20 countries with the largest number of elderly population and by 2025 Bangladesh, along with four other Asian countries, will account for about half of the world's total elderly population.

With dramatic changes in climate and demography in recent years, Bangladesh is confronting unprecedented intimidation from disaster and population ageing. Both occurrences are increasing alarmingly and have become a threat to its development. Considering its geography, climate, population, governance, politics and culture, Bangladesh is one of the most severely disaster-prone and elderly-threatened least-developed countries in the world. The cumulative effects of the aforesaid environment affect older persons the most, leading them to distress, vulnerability and helplessness and requiring logical and right-based societal intervention. So, in order to ensure sustainable development, Bangladesh needs to meet the challenges of both frequent disasters and rapidly growing older persons.

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