When workers are enraged

For industrial growth we need more profit from this sector, but not by demolishing the vital agent or factor of production -- labour. Let us find out a solution that will at least keep the workers alive; it will be beneficial for all of us, the entire nation.

M. MIZANUR RAHMAN and HAMMUNUL ISLAM

IN recent days the discontent among garments workers has increased at such an alarming rate that if we cannot come up with a solution we will have to pay for it severely. These days, when the inflation in food items is over 10% and when the other expenses are so high, how can a garment worker survive on only Tk.3,000-4,000? The discontentment leads to frequent strikes, violence, damage to property and deaths.

Garment workers send their family members, especially little children, to do hazardous work and thus risk their lives. So, one problem breeds many other problems that remain unnoticed when we talk about the workers' wages. Even the working environment, health and sanitation, security and other vital things are ignored.

Most garment factories do not follow the labour law and ILO conventions. The Labor Act, 2006 clearly stipulates that the wages of a worker must be paid within seven workings days of the completion of the stipulated wage period [Section 123 (1)]. This is not followed in practice. In addition, some of the factories do not provide appointment letters/contract letters, identity cards and service books. Health safety and security condition are also not sufficient.

When workers have to struggle for a minimum liveable wage, how can they demand the other rights that they never get in their working place? Our country has become dependent on the garments sector only, and when a country stands on only one sector there are some risks. If, for any reason, the sector falls, the entire economy of the country goes down.

We should look for some other sectors that will go side by side with the garment sector and a diversified forward and backward linkage will thus be created, which will minimise the risk and result in more employment and more wages for the workers. Even the loss from violence, strike and destruction is immeasurable, and the loss of life is really very shocking and, indeed, a shame for us as a nation.

We, as a nation, are very adaptive; we can easily take every unbearable thing as common-place. At first we shake our heads on seeing the news in newspapers, we wonder about the fate of the country and, after a while, we forget. Things go on as usual.

According to a global survey released on June 19, Bangladesh garment workers are the world's "most poorly paid," with about $24 or Tk.1,662.50 monthly pay. The garment sector accounts for about 80% of the total share of exports and earned $12.7 billion in 2008-09. This was about 14 % of the country's GDP.

Bangladesh has about 2,500 garment factories with up to 10 million livelihoods dependent on them directly or indirectly. About 80% of the garment workers are women. The readymade garments (RMG) sector has more potential than any other sector to contribute to the reduction of poverty. Despite the phenomenal success of the RMG sector the working conditions and wages of workers in the industry are causes for serious concern.

On July 29, a new minimum wage for garment workers in Bangladesh was set at Tk.3,000 a month ($40), a rise of 80% on the Tk.1,662.50 ($24) agreed in 2006. Following this announcement, angry workers demonstrated all over Dhaka, vandalising shops, setting fire to cars, wrecking machinery, and even attacking the upmarket shopping area of Gulshan Circle. The workers are demanding a minimum of Tk.5,000 (about $70). But our government did not pay heed to it. It should be remembered that exploitation of workers never does good to any industry.


NOOR ALAM/ DRIK NEWS

Violent protests by garment workers are common in Bangladesh. Garment factories export more than $10 billion worth of products a year, mainly to the United States and Europe. But the garment workers in Bangladesh are the lowest paid in the world, and the recent rise does little to remedy their position. The World Bank reported in May 2010 that Bangladesh is the third largest exporter of garments after China and Turkey.

Workers get $1.66 an hour in China, 56 cents in Pakistan, 51 cents in India, 44 cents in Indonesia, and 36 cents in Bangladesh. This is an overestimate: anyone on the new minimum of Tk.3,000 will be earning little over 12.5 cents an hour for a 60-hour week.

What has emerged quite emphatically is that, for the Bangladesh industry to survive, it has to take on board the issue of "compliance" with internationally recognised social, labour and environmental standards. There are many initiatives underway -- buyers have their corporate social responsibility initiatives, the government has set up task forces, and there are the Memoranda of Understanding with the trade unions and the manufacturers' and exporters' associations.

There are many stakeholders and dialogue is imperative, but how much these initiatives work needs to be scrutinised. There need to be the capacity and will amongst all the stakeholders, and particularly the government, to take forward and develop "compliance" and create an industry with an enhanced global image and global recognition of performance.

For industrial growth we need more profit from this sector, but not by demolishing the vital agent or factor of production -- labour. Let us find out a solution that will at least keep the workers alive; it will be beneficial for all of us, the entire nation.

The RMG firms in Bangladesh have been facing immense pressures from international buyers for compliance with their codes of conduct. In contrast, the big buyers are interested in continuing and expanding their business with Bangladesh if shorter lead time and compliance standards can be met.

Therefore, Bangladesh should address these two issues, which are the least conditions necessary to survive the competition, very carefully and immediately. And for this we need to come out of "The Iron Law of Wage" immediately.

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A very dignified response

Addressing a press conference on his return home from a foreign visit, Dr. Yunus came out with a disclaimer. He said that he was deeply saddened by unverified and unsubstantiated reports local newspapers alleging, by insinuation, fraud, misappropriation and "siphoning-off" of donors' funds in Grameen Bank.

ABDUL HANNAN

HE took all disparaging attacks, slander and invectives against him with stoical composure. There was no malice or rancour against his detractors. His reaction was unflappable. He remained calm and unruffled.

Yes, you guessed right. I am writing about the reaction of Nobel Peace laureate Dr. Mohammad Yunus to the misleading headlines and scurrilous reports in Bangladesh newspapers and comments by important persons, touched off by a documentary on Grameen Bank and Dr. Yunus by a Norwegian television station on November 30.

It was picked up and circulated in Bangladesh by BD NEWS 24 Hours under the headline "Yunus trap for the poor." *Jai Jai Din* carried the story under the headline "Dr. Yunus in the dock." *Kaler Kantha* headlined "Dr. Yunus involved in a scandal."

Amader Samoy published a report that Indian Prime Minister Monmohan Singh regretted the alleged corruption in operation of Grameen Bank funds. The Indian high commissioner to Bangladesh, however, issued a strong rejoinder contradicting the news.

Prime Minister Sheikh Hasina called for an extensive probe to find out if there was any unauthorised fund transfer by Dr. Yunus. She said the fund transfer took place to evade tax. She said: "What had happened in Grameen Bank was just a trick. Nobody can hide the truth for long. Truth will definitely come out."

Others in her cabinet soon joined the bandwagon of critics. A leader of Chattra League demanded cancellation of the Nobel award of Dr. Yunus. The only saving grace and solitary exception was Finance Minister Muhith, who saw no wrongdoing in the fund transfer from Grameen Bank to Grameen Kalyan.

Dr. Yunus maintained that one was innocent till one's guilt was proved. Addressing a press conference on his return home from a foreign visit, Dr. Yunus came out with a disclaimer. He said that he was deeply saddened by unverified and unsubstantiated reports local newspapers alleging, by insinuation, fraud, misappropriation and "siphoning-off" of donors' funds in Grameen Bank.


AFP

He denied any wrongdoing in the transfer of donors' funds from Grameen Bank to one of its sister organisations, Grameen Kalyan. He reiterated that the matter raised 12 years ago by Norad, a Norwegian government aid agency, was discussed and resolved to the full satisfaction of the Norwegian government. He said that the dispute with Norad was more on the modality of the use of the fund than of substance.

Prof. Yunus said that the latest Norad report on its assistance to Grameen Bank cleared Grameen Bank of all allegations of wrongdoing. The report was published following a request from Erick Solheim, the Norwegian minister for environment and international development.

Solheim said: "According to the report there is no indication that Norwegian funds have been used for unintended purposes or that Grameen Bank has engaged in corrupt practices or embezzled funds."

Prof. Yunus declined to comment on the prime minister's remarks on the matter. He said that he does not get any monetary benefits, house, car or allowance from any organisation other than Grameen Bank. He has no share in Grameeen Bank or any of its various organisations.

Explaining the microcredit operation of Grameen Bank, Prof. Yunus said that its interest rate was 20%, which is lower than the government rate of 27%. He added that Grameen Bank offered four types of interest rates for borrowers: 20% for income generating loans, 8% for housing loans, 5% for student loans, and 0% for beggars. In his characteristic magnanimity, Prof. Yunus said that he would not take any legal action against the libelous reports about him.

The whole episode has been bizarre, outlandish and dishonourable. Dr. Yunus is an internationally acclaimed person of outstanding distinction and is held in high esteem at home and abroad. He is an icon. Students and faculties in campuses in Europe and America jostle cheek by jowl to have a glimpse of him and hear him speak. Many countries honoured him by bestowing him with their highest national awards and prizes.

Besides receiving the Nobel peace award, he has received 48 honourary doctorate degrees from top universities of Europe, America, Canada, Australia, Asia Latin America and African countries. His concept of microcredit financing practiced by Grameen Bank has been replicated in more than on hundred countries.

He has received 98 special international awards and prizes, and is a member of 28 international committees and commissions. He is a member of 49 international boards of directors and advisers on various development and peace issues.

Dr. Yunus has raised our national honour and prestige internationally. He is our brand name abroad for development, progress and creativity. Any attempt to vilify him to tarnish his image and bring him to disrepute by maligning him through an unfounded smear campaign, wittingly or unwittingly, is deeply regrettable. Dr. Yunus regretted that the negatives reports had damaged national interest and image. By dishonouring him we only demean ourselves.

Although he has discounted any conspiracy behind raising of a scandal against him, it seems that it was a preplanned, well orchestrated and stage-managed campaign by vested interests. The matter deserves a thorough investigation. In all probability, it was instigated.

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Structural imbalances in the Euro currency zone

The European Union at the end of 2010 is clearly being threatened with internal disintegration. But the question is: who is to be blamed? Is it recklessness by the Euro-zone's weak states, such as Greece and Ireland, or rather the mercantilist policies that have been pursued by Germany, the Netherlands and other powerful Euro-zone players?

PETER CUSTERS

THIS month has seen an intensification of the crisis in the Euro-zone -- the region of Europe where the Euro is the reigning currency. At the end of November, finance ministers of the 16 countries which have the Euro as common currency got together to discuss a rescue package for Ireland. Like Greece, which was threatened with default half a year ago, Ireland faced a double financial crisis. The state threatened to default on foreign loans, and at the same time had to cope with deep troubles in the domestic banking sector.

The rescue package proposed to save Ireland from bankruptcy was quite unprecedented, certainly in its sheer size. It involved 85 billion Euro. 45 billion Euro are to be furnished from the European Union's Emergency Fund, which was established in the wake of Greece's default crisis. Some 22.5 billion Euro will be supplied by the International Monetary Fund (IMF), the world institution which has previously subjected many southern states to austerity regimes.

While, to outsiders, the November agreement of Europe's finance ministers would seem to express healthy solidarity in the Euro-zone, the Irish government itself initially resisted the EU and the IMF's attempts at saving her. It feared further loss of economic sovereignty at the expense of its own working people.

Throughout the major part of 2010, the European Union's Euro-zone has been beset by a renewed financial crisis which the EU's most powerful states -- foremost Germany -- have primarily blamed on the failure of the weakest Euro-zone members to maintain balanced budgets and preserve overall solvency. Thus, when Greece threatened to default on its foreign financial obligations last April, it was severely chastised by the Euro-zone's powerful states.

Yet the injustices underlying the recipe used to solve Greece's problems were readily apparent. Greece at the time was allowed to re-schedule its external debt. But the interest rates that had to be paid to reassure Greece's external creditors were exorbitant. At one point, interest rates on Greek bonds rose to over 10 % -- a figure about five time the then rate on German state bonds, which was merely 2%.

In the case of Ireland, which was subjected to surgery more recently, the interest rates charged on loans from Europe's Emergency Fund are excessively high as well. They reportedly are even higher than interest rates on regular IMF loans. Meanwhile, stringent austerity measures have been imposed on the Greek and Irish populations. In the case of Greece, these comprise an increase in the level of the value added tax (the main tax on consumable items), and a dramatic increase in the retirement age (from 53 years to 67 years).

Are the arguments put forward to justify these draconian measures valid? Critical economists have questioned from the start of the Euro-zone crisis whether the analysis put forward by Germany's Chancellor Angela Merkel and by other Northern European politicians really holds.

Thus, leading German economist Till van Treeck argues that the main source of Europe's troubles lies not in unbalanced budgets of the weak but in Germany's own economic strategy, which he identifies as mercantilism. According to this 16th century (!) economic theory, growth of any capitalist economy is best assured by stimulating exports of commodities.

The previous chancellor Gerhard Schroeder (Social Democratic Party, SPD) and the present Chancellor Angela Merkel (Christian Democrats, CDU) pride themselves on having ensured Germany's economic growth via the given mercantilist strategy. And indeed, Germany's dependence on export growth is as striking as is China's.

Thus, according to Till van Treeck's research data, Germany is the only country in the Euro-zone where exports have contributed more to growth in the Gross Domestic Product (GDP) over the period 1999-2007 than has domestic economic activity. This last decade, Germany has faced a weakening of internal economic demand, while the country has simultaneously promoted its commodity exports at the expense of exports by other members of the Euro -zone.

Again, it would be shortsighted to overlook the social consequences of the economic strategy which Germany's rulers have pursued during the first decade of the new millennium. The mercantilist policies implemented by Schroeder and Merkel have been accompanied by policies contrary to the interests of Germany's own working class. Speaking in comparative terms, the German unit cost for labour reportedly increased less than 2% between 1999 and 2007, whereas the unit cost increased from 28% to 31% for the countries belonging to Europe's "weak" belt (Greece, Ireland, Portugal, Spain), i.e. for countries that are all at risk of an external default. And while Germany's average labour costs hardly rose, these increased by 17% in France, Germany's main competitor for European leadership.

Hence, Germany's strategy has been overwhelmingly dependent on a reduction of labour costs, and on the restructuring of the country's domestic labour market. During the last decade, Germany has drastically deregulated the country's labour relations. Even according to figures of the OECDthe international institution registering the evolution in old industrialised economiesinequalities in wages and poverty between 2000 and 2005 increased faster in Germany than they did in any other OECD country.

The European Union at the end of 2010 is clearly being threatened with internal disintegration. But the question is: who is to be blamed? Is it recklessness by the Euro-zone's weak states, such as Greece and Ireland, or rather the mercantilist policies that have been pursued by Germany, the Netherlands and other powerful Euro-zone players?

Germany's Chancellor Angela Merkel in any case has come full round. Whereas initially, in April last, she was unwilling to move, pleading resistance by her voters -- i.e. defending German tax payers' interests -- she now is fully ready to bypass democratic procedures in order to protect the investments of German banks and other financial institutions in countries of Europe's "Southern" belt.

While the Constitutional Court in Karlsru he instructed the German government in 2009 that it should subject the Lisbon Treaty for neoliberal integration to a vote by Germany's parliamentary institutions, Merkel is moving forward, undisturbed by legal constraints.

In November, she forced Europe's finance ministers to agree to revision of the Lisbon Treaty, so as to make sure that the Emergency Fund established after the crisis over Greece's finances becomes permanent. For Europe's powerful states there is no way back. Their interests continue to lie in continuation of the export-oriented strategy they have been pursuing, and in survival of the Euro as common currency.

Special to The Daily Star.
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