

Bangladesh headed for a prosperous future

Immediate past Danish ambassador tips the shipbuilding sector as a big contributor to economy

GAZI TOWHID AHMED

Bangladesh faces tremendous challenges from climate change, infrastructure, corruption and politics, said former Danish ambassador Svend Olling.

"However, as I leave Bangladesh, I am more convinced than ever that Bangladesh is headed for a peaceful, democratic and prosperous future. As the past has proven, the challenges are no match for the resilient, ambitious, hardworking people of Bangladesh," he said in an interview with The Daily Star.

Olling, who has been promoting relations between Denmark and Bangladesh on development, trade, global affairs for the past three years, tipped the shipbuilding industry for greater things.

"The shipbuilding industry has the potential to become a large contributor to the Bangladeshi economy. The global economic crisis has hit the country hard. Despite these challenges, the shipbuilders of Bangladesh have delivered some impressive results."

More people are progressively becoming aware of the potential of the industry, he said.

"New companies are being established to produce, locally, components for building the ships, something that, until now, had to be imported from abroad."

Regarding Denmark's contribution to the industry, Olling said: "Through the years, Danish companies have been involved in many joint ventures aimed at giving Bangladesh access to the centuries of maritime expertise that Denmark has accumulated during our time as a maritime nation."

Olling cited the case of Western Marine Design Studio, which is now capable of designing their own ships now, instead of relying on the blueprints of other shipyards from different countries.

"Having seen the ferry built by



Svend Olling

Western Marine that now sails people across Isefjorden as well as the 8 'ice' class vessels they have delivered to Germany, I can say that they have attained a world-class shipbuilding standard."

Olling, who will join the Trade Council on his return to Denmark, will be informing his countrymen of the "great potential" the sector holds, which will, perhaps, facilitate more joint ventures between the two nations.

Regarding the textile industry, he said: "During the year, the industry has suffered several tragedies that highlight the dark side of this industry, but this is not

the whole story."

The outgoing Danish ambassador said there are many garment factories that "care deeply" for their employees and provide them with a safe and healthy workplace and still manage to remain competitive.

Olling said the information technology sector, more than any other, is "the symbol of Bangladesh's march towards becoming a middle-income country and the rapid improvement of the skills, education and technology available to the ordinary Bangladeshi".

"As long as the Bangladeshi economy is growing, there will be an increasing

demand for IT-services, which will ensure the growth of this sector," he said, adding that Denmark has, through its B2B programme, supported more than 20 IT partnerships in Bangladesh.

"I see a bright future for this sector, and also within IT outsourcing."

On a parting note, Olling said: "We have experienced three wonderful years in this great country. I will be forever grateful for the wonderful hospitality and cooperation extended to my family and me by all Bangladeshis, from the rickshaw puller to those holding the highest offices."

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Reckless British bankers could face jail

AFP, London

BANKERS found guilty of reckless misconduct in Britain could end up in prison and be stripped of bonuses, under draconian proposals to clean up the City of London published on Wednesday.

The radical penalties were put forward by an official commission which said that a string of scandals in British finance had caused an "enormously damaging" loss of trust.

The Parliamentary Commission on Banking Standards, created by the government after the Libor rate-rigging scandal which had global repercussions last year, made the recommendations in a final report amounting to a blunt indictment of malpractice.

"The loss of trust in banking has been enormously damaging; there is now a massive opportunity to reform banking standards to strengthen the value of banking in the future and to reinforce the UK's dominant position within the global financial services industry," the report read.

The commission recommended that the state-rescued Royal Bank of Scotland should be split into a so-called good bank and a bad bank, and criticised the government for "political interference" in both RBS and fellow bailed-out lender Lloyds Banking Group.

The review was published ahead of finance minister George Osborne's annual Mansion House speech to business leaders, in which he is expected to address the government's privatisation

plans for RBS and Lloyds.

The commission also concluded that senior bankers must be made personally responsible for malpractice -- with a new criminal offence of reckless misconduct carrying a prison sentence.

Under the proposals, more remuneration would be deferred for longer periods of up to 10 years, in order to "reflect the longer run balance between business risks and rewards".

Regulators would be granted new powers to cancel all outstanding deferred remuneration.

Bankers would be licensed and sign up to a new code of conduct, under which all key responsibilities would be assigned to specific senior officials who would be held accountable.

-- "Shocking malpractice" --

"Recent scandals, not least the fixing of the Libor rate that prompted parliament to establish this Commission, have exposed shocking and widespread malpractice," said Commission chairman and Conservative lawmaker Andrew Tyrie.

"Taxpayers and customers have lost out. The economy has suffered. The reputation of the financial sector has been gravely damaged. Trust in banking has fallen to a new low.

"Prudential and conduct failings have many shared causes but there is no single solution that can restore trust in the industry. The final report contains a package of recommendations that, together, change banking for good."

The reputation of Britain's banking sector has been damaged in recent years by a string of scandals, including Libor rate-rigging, credit insurance mis-selling, and ongoing controversy over staff behaviour in the run-up to the 2008 global financial crisis.

The Treasury welcomed the review, describing it as an "impressive piece of work", and added that it would help the government "create a stronger and safer banking system".

India to consider allowing extra wheat exports tomorrow

REUTERS, New Delhi

INDIA could add another 2 million tonnes of wheat for export in a successful tender scheme as private traders shun more expensive direct sales, bringing the total offered to 6.5 million tonnes.

The decision, which could dampen global prices further and help the world's second-biggest wheat producer cut swollen stocks, may come at a cabinet meeting on Friday, Food Minister KV Thomas told Reuters on Wednesday.

India's wheat stocks, built up to back welfare programmes to give cheap food to the poor, hit 44 million tonnes on June 1, about a quarter of global totals. As the monsoon starts, these are more at risk to rain as well as rodent damage.

"We had allowed exports of 4.5 million tonnes and almost the entire quantity has been shipped out, and now we are considering allowing another 2 million tonnes with same floor price of \$300 per tonne," Thomas said.

Three state-owned companies - PEC, State Trading Corp. and MMTC Ltd - have sold the grain via tenders, with the last round offering a total 290,000 tonnes this week. They would also sell the extra 2 million tonnes.

India has offered another 5 million tonnes of wheat direct to private traders but no deals have been done here because the floor price is considered unattractive, given the extra transportation costs.

There are also quality constraints as India's wheat is used to make flat breads, unlike the high-protein US soft white wheat which Japan and South Korea prefer. Most of India's wheat goes to Middle East and African buyers.

Extra supplies could nevertheless dampen global prices further. The benchmark CBOT price continues to trade not far

from 2013 lows even though worries that wet weather would delay the US winter harvest have edged levels higher this week.

Chicago Board of Trade July wheat rose 0.66 percent to \$6.85 a bushel by 0324 GMT, having closed little changed in the previous session.

The cabinet will also consider selling 10 million tonnes of wheat to domestic bulk buyers and to states for distribution to the poor, Thomas said. This would be priced at 15,000 rupees per tonne, down from \$300 for a previous sale of 6.5 million tonnes.

But Thomas dashed any hopes the export floor would be lowered.

"We have been successful in exporting about 4.5 million tonnes of wheat despite the fact that our wheat is slightly expensive. This shows that our wheat is gradually gaining acceptance globally," Thomas said.

"We have been able to convince foreign buyers that our wheat is fit for human consumption," he added.

Thomas also said his ministry held that the import tax on sugar should not be increased at least until September.

Concerned over imports in a year when supply outpaced demand, sugar producers wanted a rise in import duties currently at 10 percent. India is the world's second-biggest sugar producer after Brazil.

"The agriculture minister has said that sugar import tax should be raised but the food ministry is of the view that it should not be raised until at least September," Thomas said.

"The idea is to be extra cautious about retail prices which typically go up between July and September," Thomas said.

The cabinet will also consider allowing selling an extra 500,000 tonnes of rice to state governments for subsidised sale to the poor.

What does Apple really owe taxpayers?

LYNN PARRAMORE for Reuters

EVEN as Apple sizzles in the Senate hot seat for alleged tax evasion and finds itself the object of a Justice Department investigation into price-fixing e-books, the company still enjoys a vast reservoir of good faith with the American people. But if Apple doesn't reexamine its relationship to those who made its success possible, that well could one day run dry.

Apple is not unique in its attraction to the game of monopoly and tax dodging, but it sure is creative. The firm has helped to pioneer the exploitation of loopholes and the setting up of subsidiaries where profits are stashed offshore through a fantastically complex maneuver known as the "Double Irish with a Dutch Sandwich" which seems to involve, among other things, a mysterious Irish company with no employees. The upshot? Apple pays only 2 percent of its \$74 billion in overseas income in taxes. According to Senator Carl Levin, that translates to ducking \$1 million an hour. Surely Apple qualifies for the tax avoidance Olympics.

During a recent Senate hearing, CEO Tim Cook spun Apple's tax stance as a model of corporate stewardship, explaining that the firm had a duty to shareholders to pay as little as possible. Many senators agreed, including Rand Paul, who offered that the committee should "apologize" for forcing Apple to sit through a "show trial" concerning "a bizarre and Byzantine tax code."

Few would defend the US tax code as fair. But what about Cook's notion of his responsibility to shareholders? Economist and business historian Williamazonick at the University of Massachusetts Lowell has studied the emergence of the idea that companies have a duty, first and fore-

most, to maximize profits for shareholders — a line that allows executives to argue that doing things like avoiding taxes is not only a good business practice, but a solemn duty.

According to Lazonick, this philosophy took off in the go-go '80s and is linked to the financialization of corporations that started in the '60s. In 1983, two financial economists, Eugene Fama of the University of Chicago and Michael Jensen of the University of Rochester, wrote two papers promoting the idea that corporate executives should focus their attention on maximizing returns to shareholders because they are the ones who make the investments and take the risks. Jensen landed a job at Harvard Business School in 1985 and, as Lazonick writes, "soon shareholder value ideology became the mantra of thousands of MBA students who were unleashed on the corporate world."

Many have come to believe that maximizing shareholder value is actually a legal requirement, but as Vanderbilt law professor Margaret Blair explained to Congress in 2008, that is almost never true. The shareholder value ideology is nothing more than a trend, and perhaps a very bad one.

One of the problems with the Fama/Jensen argument is that shareholders are not the only stakeholders in companies who invest and take risks. Employees do this. So do taxpayers. Just look at the case of Apple.

During his Senate grilling, Cook said, "the most important objective at Apple will always be creating the most innovative products." That sounds good, but Cook seems to have forgotten that it was the taxpayers, through the US government, who funded many of the key innovations that makes Apple's products possible. The iPhone would



REUTERS

Apple Inc CEO Tim Cook waves to the crowd during the Apple Worldwide Developers Conference 2013 in San Francisco.

not be the iPhone without touch screen technology. The fact that you can use your phone to guide a mountain hike with GPS, ask for a quick weather-check from your voice-activated personal assistant, and even access the Internet, are all examples of the magic that happens when the government takes risks and spends money to drive innovation that eventually helps companies like Apple flourish.

Economist Mariana Mazzucato has noted that executives of companies like Apple enjoy boasting about

their entrepreneurial muscle, but if you look closely, you see that they have actually "surf" the wave of US government-funded investments." Siri, for example, started out as a twinkle in the eye of government officials who envisioned software that could help overloaded military commanders. In 2003, the Defense Department's investment arm, DARPA, chose the nonprofit research institute SRI International to lead a gigantic, five-year push to build a virtual assistant that ultimately provided the inspiration for

Siri. The Defense Department's \$150 million financial support made it possible for artificial intelligence experts to work together on a mission likely far too risky for most corporations. Apple, which bought Siri in 2010, has reaped the benefits of that taxpayer-funded research.

That's not all. Mazzucato points out that in its early stages, Apple enjoyed funding from the US government's Small Business Investment Company program — well before the venture capitalists came on the scene. Later, once the company found its footing, Apple was under constant siege from rivals. Where does Apple turn when it wants to guard patents against competitors? The US court system, of course. Where does it look for favorable international trade agreements? To government agencies, naturally. Then there's the infrastructure and networks -- things like electricity grids and public highways -- that allow Apple devices to find their way to customers and do all those things that make us marvel. And you can't forget the public schools and universities that educate Apple's workers, including many of its executives, like Cook, who went to Auburn.

Taking advantage of all this taxpayer largesse without giving much back is what some might call a free ride. Taxpayers have invested a lot in Apple. Maybe it's time for Apple to "think different" about returning the favor. Otherwise, a lot of Apple's customers may start doubting the story that St. Patrick drove all the snakes out of Ireland.

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