

Expulsion is not enough

Govt. must punish the culprits

TWO BCL members have been expelled following Sunday's RU mayhem. Even the police seemed to look away when by their sides those gun-toting pro-ruling party cadres were firing shots into the protesting students' crowd. The expulsion appears to be a kid-glove approach to the rowdy elements. This has the echo of the same kind of treatment meted out to the unruly BCL elements in the past tenure of the AL government. There is also another familiar ring to it: blaming it on opportunistic intrusion into the student body. Obaidul Quader, AL presidium member and communications minister, has blamed the violence on criminals that infiltrated into the ranks of BCL. We are flabbergasted at the AL leadership's veiled attempt to sidetrack the reality on the ground, which is very unfortunate. Following incidents of violence on the DU and RU campuses in 2010 in which BCL cadres were involved, even prime minister Sheikh Hasina warned of action regardless of the culprits' political affiliations. The delinquent members of BCL read nothing but pure indulgence in such casual attitude of the AL leadership towards them. Sunday's incident is a perhaps the first warning of what is to come, unless the AL decides to keep the members of its student wing on a tight leash. The crucial jobs for the AL are to ensure that student cadres are disarmed and to take deterrent measures taken against the perpetrators of RU mayhem.

New wage for garment workers

Lack of implementation inexcusable

DESPITE inking a deal in December last year for a new wage board in the readymade garments sector, according to Bangladesh Garments Manufacturers' Association (BGMEA)'s own estimates, 38 per cent of factories in Dhaka district and some 60 per cent of factories in Chittagong have not implemented the new minimum wage. The bad news does not end there. According to unions, some 5,000 workers have lost their jobs due to agitation and factory owners have been pressing the existing labour force to accept old wages. We find the whole situation very ironic since the RMG sector has received a stimuli package from government that has led to rescheduling of bank loans and lowering of interest rates. With the ministry taking a backseat on action despite warning from industrial police that lack of implementation of the new wage board may create friction, it is hardly surprising to see ad-hoc layoffs taking place in some factories. We are perplexed as to why the relevant authorities, particularly ministry of industry, are so laid back about the situation. The whole idea of creating a roadmap for wage implementation was to avoid any further labour unrest in the country. Needless to say, with BGMEA having availed itself of different types of benefits as part of the bailout package to offset losses sustained during the recent political unrest, the body must take responsibility for errant factories. Surely, the time is ripe for the formation of a committee comprising government, factory owners and labour unions to oversee smooth implementation of the wage board.

FOUNDED BY SHARAFUDDIN AHMED BOULDER

DAWN

Iran-US rapprochement

EDITORIAL

CONSIDERING that the relationship between Iran and the US has been characterised by deep mistrust since 1979, normalisation of ties will be a long, difficult process. But the fact that both sides are engaging regularly is a hopeful sign that the rivalry may one day give way to mutual acceptance, if not friendship. In this regard, Sunday's meeting between Iranian Foreign Minister Javad Zarif and US Secretary of State John Kerry in Munich was welcome. Iran's top diplomat reiterated the need for a permanent solution to his country's nuclear dispute with major Western powers. Indeed, the breakthrough made last November would be wasted if the temporary sanctions relief for Iran does not give way to normalisation of ties between the Islamic Republic and the West. It would be particularly distressing if the earlier hostility witnessed between these two camps were to resume after this period of thaw. Both sides need to keep talking. The US and its allies in Europe must not further antagonise Tehran by adding to the suffocating sanctions regime. That would be sure to scuttle all progress. On its part, Iran must satisfy the global community that its nuclear programme is peaceful; this can best be done by giving the IAEA full access to Iranian nuclear facilities. Care must be taken, however, not to allow hardliners in Washington and Tehran to throw the détente off track.

Equally important was Mr. Zarif's peace overture to Saudi Arabia in Munich. Rapprochement between Riyadh and Tehran would have a significant impact in the Arab and Muslim world. Right now, the Saudis and Iranians find themselves supporting opposing sides in Syria and Lebanon, while both are also vying for influence in Iraq. Syria could well be pacified if Saudi Arabia and Iran convince their allies -- the rebels and the Assad regime, respectively -- to cease attacks and negotiate a settlement. Elsewhere in the Muslim world, sectarian fires could be doused significantly if the world's most influential Sunni and Shia states extend a hand of friendship to each other. Pakistan would benefit on numerous fronts from a Saudi-Iranian thaw. The Saudis would do well to take up the offer and work towards normalising ties.

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For a fresh new beginning . . .

GROUND REALITIES



SYED BADRUL AHSAN

NOW that the Awami League is off to a new term in office, there are the priorities it needs to set as the party of government once more. The priorities relate, of course, to the necessity of sketching new plans for the future. But let this discourse on what the government must do begin through taking note of the courageous manner in which the prime minister and her colleagues set aside all sorts of pressure, especially from western diplomats, on the question of the elections and went ahead in conducting the voting. There will certainly be questions and quibbling over the nature of the election, over the large number of lawmakers elected unopposed. But what will not be in dispute is the constitutionality of the entire process. That the ruling party did go through with the election not only kept the constitution in place but also sent out the clear message that it is time for all political elements across the board to get down to the business of ensuring proper democracy in the country. And that means, first and foremost, a considered and judicious discarding of the caretaker system of government. You cannot pretend to have democracy with a caretaker system imposed on you every four years and nine months.

Which of course takes us to that matter of priorities. The first of those priorities is the paramount need to have the Election Commission acquire absolute authority over the voting process, to a point where the administration will have absolutely no power to control or influence it. The elections to the five city corporations were a happy sign of the way in which the Election Commission can and should work. To what extent the EC can maintain that record will soon be made known through the upcoming elections to the local bodies. Nothing must be done that can raise any question about the impartiality and fairness of the voting.

Now that we are on the subject of local bodies' elections, we have that second priority before us. And that is for the government to initiate serious and purposeful moves toward empowering the local bodies, action that was not taken in the past five years. The entire calling of democracy will be at risk if rethinking on the modalities of political exercise by the local bodies is not there. As long as members of parliament oversee the upazila parishads, the cause of democratic pluralism will not be served. And, to be sure, there is another area where democracy can be given a fresh shot in the arm by the re-elected government. That will be through ensuring the full authority of the Anti-Corruption Commission, which happily has had the High Court paving part of the way for it to stamp its authority on public life through its power to prosecute public servants without having to seek governmental authorisation to do so.

In these past five years, progress has been made in such vital areas as education and agriculture. With Nurul Islam Nahid and Matia Chowdhury heading their ministries, one can expect the system to be sustained in the two sectors. It is in other areas, though, that the government must show that it means business. A proactive, well-qualified minister at home affairs is called for. In similar fashion, the nation's diplomacy, having been in a poor state for decades, needs to be on the watch of an individual who comprehends the nuances and subtleties of international relations. The country does not need a foreign minister whose idea of foreign affairs is endless travel overseas. It needs a foreign minister whose intellectual abilities will convince the nation that Bangladesh will have a vibrant

voice in the councils of the world. And vibrancy will be called for at the cultural affairs ministry as well. With Asaduzzaman Noor in charge, Bangladesh's heritage ought to be on display around the world in the coming months and years.

The broad canvas of policy making and articulation apart, there remains the issue of why the government must stay above the banalities of everyday politics in the country. Ministers should be careful about two things: they must not speak in discordant voices over the policies and programmes of the government they serve and they must spend more time in their offices than at public ceremonies or appearing before the media at every available opportunity. The prime minister does not have to respond to the chairperson of the Bangladesh Nationalist Party on each and every issue, for the good reason that as the head of government she is the leader of the country and therefore must ignore the barbs thrown her way. A junior minister can respond to any disagreeable statement that might be made by those who did not participate in the elections, were taken by surprise when the elections did take place and who now are lost in the woods.

There is something else the government must do. It must send out the strong, unambiguous message to foreign diplomats based in the country that while they are welcome to deal with the administration on anything and everything of a bilateral or multilateral nature between their governments and ours, their activism in Bangladesh's internal politics must draw to a close. The manner in

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which some of these diplomats carried themselves in the run-up to the elections has been humiliating for the country. The foreign office must make it clear that a diplomat, no matter what clout his country has around the world, is in no position to ask that fresh elections in Bangladesh be held in June or at any other time. Let the rules of diplomacy be set straight: any diplomat dabbling in Bangladesh's internal politics should be called over to the foreign office and served the necessary warning.

There are other priorities that require urgent, sustained handling. Those who have caused mayhem and murder in these past few months through blockades and strikes have to be hunted down and brought to justice if life must get moving again. The war criminals must face the consequences of their acts in 1971.

On a larger scale, the process of a restoration of secularism, indeed of the constitution as it was in 1972, must begin soon. No compromise or negotiations are ethically acceptable with individuals or groups or parties which have since the mid-1970s made a mockery of decent politics in this country. Let them reform their attitudes first. You do not negotiate with people who repudiate the roots of your nationhood.

All of this is a tall order. And yet there is no turning away from it.

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The New Global Economy

When easy money ends

RICHARD COOPER and RICHARD DOBBS

THE departure of US Federal Reserve Board Chairman Ben Bernanke has fueled speculation about when and how the Fed and other central banks will wind down their mammoth purchases of long-term assets, also known as quantitative easing (QE). Observers seize upon every new piece of economic data to forecast QE's continuation or an acceleration of its decline. But more attention needs to be paid to the impact of either outcome on different economic players.

There is no doubting the scale of the QE programmes. Since the start of the financial crisis, the Fed, the European Central Bank, the Bank of England, and the Bank of Japan have used QE to inject more than \$4 trillion of additional liquidity into their economies. When these programmes end, governments, some emerging markets, and some corporations could be vulnerable. They need to prepare.

Research by the McKinsey Global Institute suggests that lower interest rates saved the US and European governments nearly \$1.6 trillion from 2007 to 2012. This wind-fall allowed higher government spending and less austerity. If interest rates were to return to 2007 levels, interest payments on government debt could rise by 20%, other things being equal.

Governments in the US and the eurozone are particularly vulnerable in the short term, because the average maturity of sovereign debt is only 5.4 years and roughly six years, respectively. The United Kingdom is in better shape, with an average maturity of 14.6 years. As interest rates rise, governments will need to determine whether higher tax revenue or stricter austerity measures will be required to offset the increase in debt-service costs.

Likewise, US and European non-financial corporations saved \$710 billion from lower debt-service payments, with ultra-low interest rates thus boosting profits by about 5% in the US and the UK, and by 3% in the eurozone. This source of profit growth will disappear as interest rates rise, and some firms will need to reconsider business models -- for example, private equity -- that rely on cheap capital.

Emerging economies have also benefited from access to cheap capital. Foreign investors' purchases of emerging-market sovereign and corporate bonds almost tripled from 2009 to 2012, reaching \$264 billion. Some of this investment has been initially funded by borrowing in developed countries. As QE programmes end, emerging-market countries could see an outflow of capital.

By contrast, households in the US and Europe lost \$630 billion in net interest income as a result of QE. This hurt older households that have significant interest-bearing assets, while benefiting younger households that are net borrowers.

Although households in many advanced economies



have reduced their debt burdens since the financial crisis began, total household debt in the US, the UK, and most eurozone countries is still higher as a percentage of GDP (and in absolute terms) than it was in 2000. Many households still need to reduce their debt further and will be hit with higher interest rates as they attempt to do so.

Some companies, too, have been affected by QE and will need to take appropriate steps if such policies are maintained. Many life-insurance companies and banks are taking a considerable hit, because of low interest rates. The longer QE continues, the more vulnerable they will be. The situation is particularly difficult in some European countries. Insurers that offer customers guaranteed-rate products are finding that government-bond yields are below the rates being paid to customers. Several more years of ultra-low interest rates would make many of these companies vulnerable. Similarly, eurozone banks lost a total of \$230 billion in net interest income from 2007 to 2012. If QE continues, many of them will have to find new ways to generate returns or face significant restructuring.

We could also witness the return of asset-price bubbles in some sectors, especially real estate, if QE continues. The International Monetary Fund noted in 2013 that there were already "signs of overheating in real-estate markets" in Europe, Canada, and some emerging-market economies. In the UK, the Bank of England has announced that in February it will end its mortgage Funding for Lending Scheme, which allowed lenders to borrow at ultra-low rates in exchange for providing loans.

Of course, QE and ultra-low interest rates served a purpose. If central banks had not acted decisively to inject liquidity into their economies, the world could have faced a much worse outcome. Economic activity and business profits would have been lower, and government deficits would have been higher. When monetary support is finally withdrawn, this will be an indicator of the economic recovery's ability to withstand higher interest rates.

Nevertheless, all players need to understand how the end of QE will affect them. After more than five years, QE has arguably entrenched expectations for continued low or even negative real interest rates -- acting more like addictive painkillers than powerful antibiotics, as one commentator has put it. Governments, companies, investors, and individuals all need to shake off complacency and take a more disciplined approach to borrowing and lending to prepare for the end -- or continuation -- of QE.

The writers are, respectively, Professor of International Economics at Harvard University and a Director of the McKinsey Global Institute.

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LETTERS

TO THE EDITOR

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Airport or bus terminal?

The first impression that the visiting foreigners get about our country is from the Hazrat Shahjalal International Airport (HSIA). It is perhaps the most poorly equipped and maintained airport in the world. The toilets are dirty with inoperative flushes and the bad odour can make you unconscious. Taps don't have water and floors are always wet. The facilities for transit passengers are very poor. The only presentable area in HSIA is the VIP and VVIP terminals. The remaining areas of the airport are completely neglected. There is lack of frequent inspections. It feels more like a bus terminal than an international airport. I hope the authorities would look into it and improve the situation.

Aminur Rahim
New DOHS, Mohakhali, Dhaka

Why this exception for President, PM?

Recently reports were published in the dailies that students were lined up on the streets in many places of the country to receive the new ministers and MPs. They got tired and hungry from hours of waiting under the scorching sun and without any food. It is good news that the government has ordered the schools to stop this practice. But our education minister Nurul Islam Nahid said this order will not be applicable in case of president and prime minister. Why is that? Our honourable education minister should think of the plight of the schoolchildren, rather than pleasing the prime minister and president.

Tuli
Rangpur

Comments on news report, "BCL, cops attack RU students," published on February 03, 2014

Shahin Huq

One thing to notice is the fact that, the bullets hit the back of the students. That means they were trying to flee away from the brutality of Chhatra League ruffians. But the ruffians did not show any mercy and kept firing live bullets on them. This is a Bangladesh that Sheikh Hasina wants to give us. I wonder, if Chhatra hooligans are not terrorists, who are?

Mofi

Symbol of good governance! It's just a tyranny.

Sam

Obviously anyone accusing BCL of such activities is a razakar and should be punished!

"Bangladeshi blank passports missing in KL" (February 01, 2014)

Hasan

How come an inexperienced person got such a big, responsible position?

Shahin Huq

Corruption and mismanagement at BD High Commission in KL have gone overboard. This is not the first time that passports have gone missing. I believe some external investigation should be done to see if the High Commission officials are involved or not.

On a separate note, poor Bangladeshi migrant workers in Malaysia have to pay a high amount of bribe to get their passport renewed. If they don't pay bribe, it takes a very long time to get passports. This is how the high commission officials mistreat the people who work so hard to send us foreign currency.

Lunik

Bangladeshis are expert in earning bad name for their country while living abroad. It's happening everywhere without any exception and there seems to be no let-up.

"Nation headed in wrong direction" (February 03, 2014)

Molla A. Latif

Mostly these blind surveys cause more harm than good. As we have the experience, elections are never fair and clean at the root. Reasons include illiteracy, poor section of voters being bought, influence of the parties and candidates through their hoodlums, area-wise influence, religious mischief, muscle flexing by hired goons, casting of false votes in a massive scale and so on. If even angels run the election commission (EC), the losing party will say that they are not neutral.

Truthprevails53

Democracy international! Very funny. Run by whom, again?

Nitya

I agree with this...

MH Khan

What was the right direction then?