

BBIN landmark deal

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A boost to regional connectivity

BANGLADESH, Bhutan, India and Nepal (BBIN) have mapped out a plan of action that will pave the way for movement of passenger and cargo vehicles across their borders. We welcome the agreement as the first step towards greater regional integration that holds the potential to boost trade in the region by nearly 60 percent.

The essential thing now is to enhance the state of infrastructure in each country. While the plan of action estimates that it will take five years from signing of the agreement for it to become fully operational, one has to deal with the financing, and in this, we feel that India, being the largest country, will have to take the lead.

We are informed that the cost of upgrading infrastructure across BBIN will be to the tune of US\$8 billion. As the bulk of transit will take place over Bangladesh territory, it becomes imperative that donor partners come forward in this regard. Without requisite financial assistance, the major road links cannot be upgraded to international standards. It is heartening that the Asian Development Bank has already committed to finance one of the corridors, Dhaka-Sylhet two-lane into a four-lane one.

The other point that needs to be kept in mind is the fixation of toll rates. Realistic toll fees need to be fixed at all border crossing points that will generate revenue for maintenance of key road links. As traffic will increase in volume exponentially, we need to stay on track to put the necessary regulatory framework in place that will govern the movement of vehicles from other nations.

Most rape victims are

minors

Why are the rapists not caught?

A study by this paper has found that 82 percent of rape victims are under the age of 20, many of them minors. More than half of the victims were schoolgirls who were raped on their way to or from school. About twenty-two percent were sexually abused at home.

What is more alarming is that this research, based on *The Daily Star* news reports, reveals that around 80 percent of the rapists were known to the victims, neighbours or men who live in the same locality as the victims. It is therefore surprising that most of these perverts escape arrest and punishment.

These findings allude to the fact, one that has been corroborated before by human rights organisations, that the arrest and conviction rates of rapists are very low. Those who are caught and arrested, often use their influence, to get bail or even go scot free through an out of court arrangement. The victims and their families are often forced to make compromises because they are threatened with further repercussions if they pursue the case. It is clear that despite a very stringent law against rape, especially of minors, loopholes in the legal system, and lack of support from the community, allow these rapists to escape punishment while the victim remains traumatised, sometimes for life.

In a country that is committed to promoting the education of girl children, it is also crucial to ensure their physical safety and mental wellbeing. The outrageous number of rapes of young girls is a wakeup call for the government, and the society as a whole, that we must take all measures possible, to protect our girls and women from sexual predators.



KNOT SO TRUE

RUBANA HUQ

IT happens everywhere in the world. Our sons and daughters feel entitled to what we have earned in our lifetime. They carry our guns, ride our cars, use our bodyguards, eat our food and

at the end of the day feel restless when the traffic gets tough. After all, it's not easy to cope with Dhaka traffic or the waterlogging, let alone the ugly billboards and the waste dump stations that occupy most of our streets. After all, there's no quick solution in sight as any solution takes months to be addressed and at times even a few years. In a dismal situation like this, how can we expect our children to feel anything but anger? And if they are shooting innocent people on the streets for sharing their roads, it's of course understandable. After all, these are our innocent children who need to be shielded by us. So we save them, let them ride our official duty free Prado jeeps, equip them with gun licenses and let them shoot when in disgust. In the process if a few people have lost their lives, who cares? After all, those who died don't count. They are not the children of the privileged; they are children of a far lesser god.

Children of powerful gods are everywhere, of course. For instance, Sebastián Dávalos, the son of Chilean President Michelle Bachelet, has cost his mother her reputation while he handles the corruption scandal involving his wife Natalia Compagnon and her company Caval. Bachelet's son and daughter-in-law are being investigated after Caval purchased land in the south of Chile, Machalí, with a \$10m (£6.7m) loan Dávalos secured from Banco de Chile.

The loan was initially denied but reports allege Dávalos met with Chilean entrepreneur Andrés Luksic to negotiate a deal. Caval later sold the land at a higher price following development plan changes, netting the company about \$5m in profit. Apparently, the President 'did not know' about his son's loan and land purchase. The corruption scandal has rocked La Moneda and Bachelet's return to the Chilean presidency.

The problem, however, remains that powerful people must know where their children are investing, how they are acquiring wealth, when they are on "drugs" or killing rickshaw pullers and CNG drivers when they get distressed in traffic. This lack of information is actually symptomatic of a system that is beholden to the political class. This relationship, in turn, stems from the perception of 'mai-baap' sarkar where those having political power are put on a pedestal and viewed as rulers and patronage-givers rather than public servants. As a result, those associated with politicians – including family members – bask in reflected status and power.

Dynastic politics has also become a widely practiced process in our part of the world. So, with the replacement of the Gandhis and the Congress Party by Narendra Modi and the Bharatiya Janata Party (BJP), India's TV channels have quickly proclaimed the end of dynastic rule. However an article in *The Hindu* subsequently noted that 24 percent of the current Parliament (130 MPs) has a dynastic background. India, however, is not the most extreme case of dynasticism in a modern democracy for which comparable data are available. That distinction belongs to the Philippines, in which half of all Congress persons in 2007 followed a relative into elected office. In Japan, Iceland and Ireland, between a third and a fourth of elected legislators in 2009 were dynastic. This distinguishes



CARTOON BY DR JACK

it from countries such as the UK, Belgium, Israel, the US, Norway, and Canada, in which the proportion of dynastic legislators ranged between 1 percent and 11 percent, respectively.

Now there's nothing wrong with sons or daughters coming into politics provided they are well-bred and prepared. In fact, it's natural for a son to be following his mother or his father into politics as the natural environment allows them to do so. What's however wrong is when we let our children go astray, demand little education from them and allow them to call the shots on our history and political property from abroad without having been properly tested... academically. There lies our tragedy. The realisation that bad sons don't really reflect on a particular political party and that a bad

apple is always an unfortunate rotten one needs to be reckoned with.

Your columnist recalls a time when she disallowed her young sons to play with tiny water guns. Today, ironically, many grown up sons have started playing with guns while they are drunk and dissatisfied. As parents - need we remind ourselves that while the death of an auto-rickshaw driver Yakub Ali and rickshaw-puller Abdul Hakim may not have touched our lives and while their deaths are being viewed as an accident caused by one of our sons gone bad - we remain hugely responsible to convey to our children that life does not end with lineage and there is a higher God who designs the higher destiny...

The writer is Managing Director, Mohammadi Group.

PROJECT SYNDICATE

A rule of law for sovereign debt

MARTIN GUZMAN and JOSEPH E. STIGLITZ

GOVERNMENTS sometimes need to restructure their debts.

Otherwise, a country's economic and political stability may be threatened. But, in the absence of an international rule of law for resolving sovereign defaults, the world pays a higher price than it should for such restructurings. The result is a poorly functioning sovereign-debt market, marked by unnecessary strife and costly delays in addressing problems when they arise.

We are reminded of this time and again. In Argentina, the authorities' battles with a small number of "investors" (so-called vulture funds) jeopardised an entire debt restructuring agreed to – voluntarily – by an overwhelming majority of the country's creditors. In Greece, most of the "rescue" funds in the temporary "assistance" programmes are allocated for payments to existing creditors, while the country is forced into austerity policies that have contributed mightily to a 25% decline in GDP and have left its population worse off. In Ukraine, the potential political ramifications of sovereign-debt distress are enormous.

So the question of how to manage sovereign-debt restructuring – to reduce debt to levels that are sustainable – is more pressing than ever. The current system puts excessive faith in the "virtues" of markets. Disputes are generally resolved not on the basis of rules that ensure fair resolution, but by bargaining among unequals, with the rich and powerful usually imposing their will on others. The resulting outcomes are generally not only inequitable, but also inefficient.

Those who claim that the system works well frame cases like Argentina as exceptions. Most of the time, they claim, the system does a good job. What they

mean, of course, is that weak countries usually knuckle under. But at what cost to their citizens? How well do the restructurings work? Has the country been put on a sustainable debt path? Too often, because the defenders of the status quo do not ask these questions, one debt crisis is followed by another.

Greece's debt restructuring in 2012 is a case in point. The country played according to the "rules" of financial markets and managed to finalise the restructuring rapidly; but the agreement was a bad one and did not help the economy recover. Three years later, Greece is in desperate need of a new restructuring.

Distressed debtors need a fresh start. Excessive penalties lead to negative-sum games, in which the debtor cannot recover and creditors do not benefit from the larger repayment capacity that recovery would entail.

The absence of a rule of law for debt restructuring delays fresh starts and can lead to chaos. That is why no government leaves it to market forces to restructure domestic debts. All have concluded that "contractual remedies" simply do not suffice. Instead, they enact bankruptcy laws to provide the ground rules for creditor-debtor bargaining, thereby promoting efficiency and fairness.

Sovereign-debt restructurings are even more complicated than domestic bankruptcy, plagued as they are by problems of multiple jurisdictions, implicit as well as explicit claimants, and ill-defined assets upon which claimants can draw. That is why we find the claim by some – including the US Treasury – that there is no need for an international rule of law so incredible.

To be sure, it may not be possible to establish a full international bankruptcy code; but a consensus could be reached on many issues. For example, a new framework should include clauses

providing for stays of litigation while the restructuring is being carried out, thus limiting the scope for disruptive behaviour by vulture funds.

It should also contain provisions for lending into arrears: lenders willing to provide credit to a country going through a restructuring would receive priority treatment. Such lenders would thus have an incentive to provide fresh resources to countries when they need them the most.

There should be agreement, too, that no country can sign away its basic rights. There can be no voluntary renunciation of sovereign immunity, just as no person can sell himself into slavery. There also should be limits on the extent to which one democratic government can bind its successors.

This is particularly important because of the tendency of financial markets to induce short-sighted politicians to loosen today's budget constraints, or to lend to flagrantly corrupt governments such as the fallen Yanukovich regime in Ukraine, at the expense of future generations. Such a constraint would improve the functioning of sovereign-debt markets by inducing greater due diligence in lending.

A "soft law" framework containing these features, implemented through an oversight commission that acted as a mediator and supervisor of the restructuring process, could resolve some of today's inefficiencies and inequities. But, if the framework is to be consensual, its implementation should not be based at an institution that is too closely associated with one side of the market or the other.

This means that regulation of sovereign-debt restructuring cannot be based at the International Monetary Fund, which is too closely affiliated with creditors (and is a creditor itself). To minimize the potential for conflicts of

interest, the framework could be implemented by the United Nations, a more representative institution that is taking the lead on the matter, or by a new global institution, as already suggested in the 2009 Stiglitz Report on reforming the international monetary and financial system.

The crisis in Europe is just the latest example of the high costs – for creditors and debtors alike – entailed by the absence of an international rule of law for resolving sovereign-debt crises. Such crises will continue to occur. If globalisation is to work for all countries,

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the rules of sovereign lending must change. The modest reforms we propose are the right place to start.

Joseph E. Stiglitz, a Nobel laureate in economics, is University Professor at Columbia University. His most recent book, co-authored with Bruce Greenwald, is *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*.

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COMMENTS

"Flood-hit people face drinking water crisis" (June 15, 2015)

Shah Alam

Everyone should come forward to help the flood victims with food, water, clothing and financial aid.

"Water-logged Dhaka horrifying" (June 13, 2015)

Zaman Khan

Ministry of Public Works, City Corporation, Roads & Highways department of the 70's and 80's and all people concerned should be held responsible for not planning 50 years ahead and for sitting idle. Those were the days when plenty of land and waterways beside the road were totally empty and planning could have easily been implemented then.

Abid Khan

Follow in the footsteps of Singapore, increase tax for private cars to reduce private vehicles on the road. Encourage the people to use public transport.

Wordsmith Khaleque

Dhaka is extremely congested and has already been listed as an unlivable city on the world map. Over the years, for the beautification and the improvement of Dhaka, many theories and ideas have been experimented and huge amounts of money have been spent, but the problems are still unsolved. Honestly, there is no easy solution for this problem. Today or tomorrow, we have to decentralise Dhaka.

Mohammed Rahman

No amount of money, resources or master plans will fix this unless the moral character of its inhabitants is changed.

Arsin Ashraf Alam

Stop VIP movements during rush hours.

Lal Shobuz Potaka

Sincerity, competency, efficiency, common sense, strict regulations and above all honesty are required to control traffic. We have to abolish the VIP culture for effective traffic management.

LETTERS TO THE EDITOR

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Waterlogged Dhaka during monsoon

Waterlogging is a very common problem in Dhaka during the rainy season. Ordinary people's sufferings know no bound during this time. Sometimes it becomes almost impossible to move from one place to another as the roads become flooded with water. A few hours' rain-fall makes city life unbearable. Despite such conditions of the city, no proper step has yet been taken. Every year during the rainy season, respective authorities promise to provide solutions but those promises are never fulfilled. Waterlogging creates massive tailbacks which make situations even worse. This can't go on. The government and responsible authorities are liable to people as people pay their taxes. Recently city-dwellers got two newly elected mayors.



People have a lot of expectations from them. We hope proper and effective steps to solve this problem will soon be taken.

Rashed Ahmed Shaon
Student, Jagannath University

No deal on Teesta water

Much hope was generated during the visit of Indian Prime Minister Narendra Modi that an agreement on water sharing of the Teesta river will be signed. But no accord was signed this time. This river is the lifeline of the northern region of our country. It is West Bengal's Chief Minister Mamata Banerjee who has taken an adamant stance on this water sharing issue.

We hope that the leader will soften her stance and take into consideration the life and livelihood of thousands of people who depend on this river.

Zabed Wali
Chittagong