

Attaining 'lower middle income' status

A boost for Bangladesh's image

IT is no doubt a hopeful sign for Bangladesh that it has graduated from a low income status to a lower middle income one (LMIC) according to the World Bank's classification. This change in status can be attributed to a higher per capita income in recent years in the backdrop of fairly stable economic growth.

This transition is indicative that Bangladesh's goal to become a middle income country by 2021 may indeed be achievable, if we can keep up this consistent growth in per capita income. The World Bank's classification is based on estimates of the gross national income per capita for the previous year. In our case, last year's per capita income was higher than the Washington-based lender's set threshold.

The new status will greatly improve the image of the country as a less risky, more economically stable country which may encourage foreign investment and thereby rejuvenate the economy further.

At the same time we must also be aware of the challenges ahead as a result of this new ranking. Loans from international development organisations may come with stricter conditions as Bangladesh steps out of its low income category, which the country must be ready to tackle. We must also remind ourselves that while we are clearly forging ahead in the direction of economic progress, the rich-poor gap has actually widened, which, if not significantly reduced, will hinder sustainable development. Income inequalities must be reduced in our endeavour to be more economically robust. Only then will the notion of middle income status have real meaning.

Stop plying faulty vessels

Merely assurance not enough

WE are used to hearing assurances offered by the operators of various transport services as well as the relevant authorities in the administration that faulty vessels would not be allowed to run, particularly during the Eid holidays. Regrettably, these are mere catchwords that are never fulfilled. As a report yesterday in this paper exposed, unscrupulous operators are at work to spruce up decrepit and rickety vessels to ply them during the forthcoming Eid holidays.

This has been a regular feature not only for the river vessels but also for private sector road transport where vehicles of all descriptions and denominations are put on the road to cater to the huge rush of people making for their homes, out of their workplace, from all over the country during the religious holidays. And a sad feature of every Eid holiday is the series of reports of accidents on the rivers and roads that take the lives of a large number of passengers.

We call upon the authorities to exercise the strictest vigilance to firstly, break the nexus between the corrupt BIWTA traffic inspectors and unprincipled owners and, secondly, to make examples of anyone breaking the rules in giving fitness certificates. But of equal importance is to bring under the scanner the large number of vessels that are not registered; the figure reportedly is more than ten times the registered vessels, but which nonetheless go about their business, mostly in connivance of the corrupt BIWTA officials. Profit motive must never be allowed to overrule the safety of the passengers.

COMMENTS

"Cops create bribe fund!"

(July 1, 2015)

Mohammed Afsaruddin

Nothing will happen to these cops. Maybe they will be suspended temporarily. Then it will be business as usual.

"Can Tigers set the record straight?"

(June 30, 2015)

Saleh Chowdury

Bangladesh is ready for South Africa.

"ADB gives \$505m loans for rail links"

(June 29, 2015)

Pavel Mahmud

But due to corruption, nothing will change!

Rifat Darina Kamal

Hope this time we are going to get a better railway service which will reduce the hassle of us commoners.

Nirjon Pranto

Will Bangladesh Railway be the final beneficiary or will someone else benefit from these debts behind the curtain?

Rejwanur Rahman

A maximum of \$5 million will be used for development; we all know where the rest of the money will go.

Ali Solaiman

The government has doubled the rail fare but the service is worse than before. Where is the money going?

Laughing all the way to Swiss banks



MOHAMMAD
BADRUL AHSAN

COMPARED to the year before, over 36 percent money went from Bangladesh to Swiss banks last year, but that's not half as shocking as the reasons given by our experts to explain that surge. To say so much money

has been leaving the country due to political unrest and lack of investment opportunities simply couldn't be further from the truth. It's like lamenting that thieves slipped through the back door because the front door wasn't left wide open.

Proof of that argument is that the UK, Germany and Italy also saw their exposure to Swiss banks go up during the same year. Indians have historically kept their ill-gotten money in these banks. The United States has a problem with citizens who have been using secret accounts to hide millions from their government.

All of these countries have stable political systems and they offer plenty of investment opportunities when compared to Bangladesh. Yet, their citizens too invoked the Swiss option for the same compulsive reason crows have the habit of hiding food. Those who steal from their countries never feel safe at home.

For Bangladesh, the Swiss banks are the latest destination for tainted money looking for safe havens. There are high-net-worth accounts in many banks of Singapore, Malaysia, the UAE and other countries where unscrupulous Bangladeshis have been parking their loots for years. A growing number of them are also shifting residence to those countries to stay close to their contemptible cash.

Sources of this dirty money have to be bribery, smuggling, stock market manipulation, drug trade, LC tampering, or bank loans not meant to be repaid. Some of it may be legitimate foreign exchange earning that never came home. The questionable cash is stashed in foreign countries either to avoid crackdowns or scrutiny or taxation or all three at once. It can be said without hesitation that all of this money is ill gotten and

large number of nervous owners scurried to get their money out of the country. Political uncertainty may have played a role, because the owners of ill gotten wealth are always worried that their hardly hard-earned fortune could be taken away from them after a regime change.

By no means has the fortune left because it couldn't be invested in the country. For years, the government has

futile to fight an outbreak without controlling its source. India has brought down Swiss bank deposits of its citizens by more than 10 percent because its government was able to send a strong message to the corrupt and the wicked. It shows that where there is a will there is a way, neither of which is true for us because we have lost both.

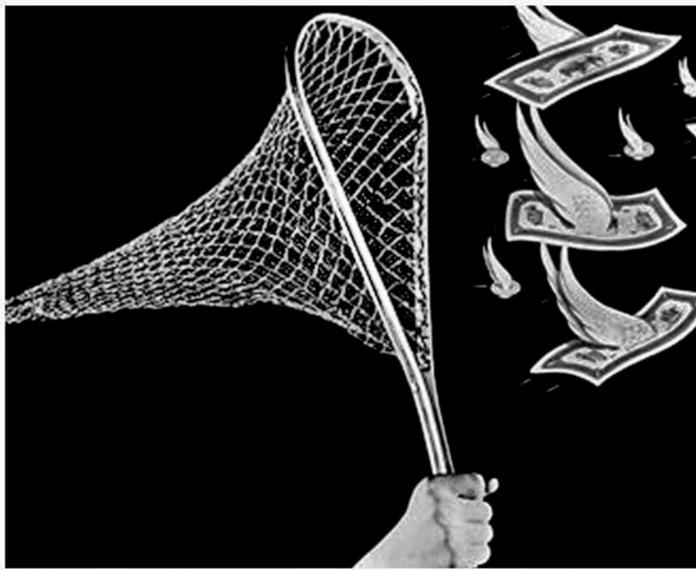
What we have also lost is our sense of right and wrong. The experts wanted to make an economic sense of a criminal offense. And they didn't realise that crime may be rooted in economics but economics doesn't have to be rooted in crime. Lately, we have seen some of them failing to make that distinction in their own confused minds.

Even if full assurance is given, it's highly unlikely that those who have taken their money to Swiss banks will willfully bring it back. In medical terms, autologous blood transfusion is the collection of blood from a patient and re-transfusion back to the same patient when required. The same thing could be done with the misappropriated money, provided Bangladeshi depositors were convinced or coerced to plough back their deposits to the country.

Last year, Switzerland agreed to share information on Indians having illicit money in Swiss banks. The Bangladesh government can also ask for a similar arrangement if it really wants to go after the plunder. There are several ways to deal with criminal depositors, such as threatening to divulge their names, forfeiting their businesses and bank accounts in the country, and throwing them in prison.

Then again everything stumbles if you ask who is going to bell whom, because the mice are nothing but fat cats in disguise.

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stolen.

The Swiss bank accounts are a more recent destination for money moving out of Bangladesh. It only shows that the flight has attained critical mass and made it to the big league of thieves and crooks. If significantly more sums ended up in those accounts last year, it means either significantly more illegal money was made last year or a significantly

been offering amnesty to black money without getting much result. That experience tells us that dubious wealth is averse to disclosure. The idea of using rotten money to fertilise the economy was flawed, since those who ripped off the country had already proven that they lacked commitment.

The fact is that Swiss banks are a mere symptom, not the disease. It will be

PROJECT SYNDICATE

Serenity in the South China Sea



GARETH EVANS

DIPLOMATS and alcoholics don't always have as much in common as is sometimes assumed. But there is useful guidance for policymakers in the Reinhold Niebuhr prayer

that Alcoholics Anonymous has made its own: "God, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference."

America's response to China's rise – and in particular to its assertiveness in the South China Sea – is a case in point. The United States should accept many dimensions of China's economic, and now military, growth with as much serenity as it can muster. But there are some that call for pushback, and the jury is still out on America's capacity to make the right calls.

The central, painful reality that the US must accept is that a major shift in the Asia-Pacific balance of power has already taken place. The days of America's unequivocal primacy and unilateral capacity to write the rules are over.

Economically, the writing is on the wall. Despite US opposition to China's Asian Infrastructure and Investment Bank, much of the region has embraced it. And, again despite US resistance, it seems inevitable that the renminbi will join the International Monetary Fund's reserve-currency basket. Then there is the immense difficulty the US is having in bringing its China-excluding Trans-Pacific Partnership trade pact to fruition.

Militarily, while the US will remain the dominant global power for the foreseeable future, its absolute superiority in East Asia is no longer unchallenged. The dramatic build-up of China's military

(especially naval) capability is no more than can be expected of a hugely trade-dependent regional superpower. It is not easy for some US leaders to say so publicly, but most acknowledge privately that America can no longer expect to have the seas and skies to itself. Its role will necessarily be scaled back to that of regional counterweight.

But how far should serenity extend when it comes to the South China Sea? This is the most sensitive geopolitical issue looming over Xi's state visit to the US in September. China has been stretching the limits of regional (and US) tolerance with its expansive sovereignty claims and massive land-reclamation activity – some 2,000 acres in the last 18 months – on Fiery Cross Reef and elsewhere. Pushback is required, but within defined limits.

What critics of China's land reclamation need to understand is that, even without any credible sovereignty claims to the sea area in question, or any islands within it, under international law China does have the right to build artificial islands and installations, including airstrips, on outlying reefs and shoals. The Philippines, Vietnam, and Malaysia have been doing so for years in the Spratly Islands, albeit on a smaller scale. Although such installations must be for "peaceful purposes," that does not necessarily exclude some military presence, provided the intent is non-aggressive.

The US cannot stop such activity and should not try. What it can do is make clear that reclamation activity does not, by itself, provide a foundation for any new sovereignty claim or exclusionary activity. The reclaiming country can set a 500-meter "safety zone" around such installations. That is all. China cannot claim a 12-mile territorial sea or a 200-mile exclusive economic zone (EEZ); nor can it put in place an air defense identification zone or any other kind of military exclusion operation. And the US is within its rights to make this point by flying surveillance aircraft to within 500

meters of such installations.

As for China's broader sovereignty claims, again some distinctions are necessary. To the extent that these claims are based on the "nine-dashed line" – embracing some 80 percent of the South China Sea and described as China's "historic waters" – the entire international community should reject them out of hand. The United Nations Convention on the Law of the Sea (UNCLOS) – now generally accepted as customary international law even by countries that, like the US, have failed to ratify it – is the only credible framework within which any kind of exclusive claims can be made.

On the other hand, to the extent that China's claims are based on long use or occupancy of particular habitable islands in the Spratly or Paracel groups or elsewhere (and as such consistent with UNCLOS, to which China is a party), they may be as credible as those of other regional players, if not more so. So the US and other outsiders are right not to take sides about competing claims, and to urge that they be resolved by negotiation or international adjudication, not by force.

Pending resolution of these competing claims, it is also appropriate, in the course of asserting the right to freedom of navigation, that the US and others treat as a *de facto* sovereign exclusion zone a 12-mile perimeter around such islands. After all, if they are not owned by China, they are owned by *someone*. As with the reef installations, the wise course is to minimise provocation.

On the issue of freedom of navigation, China should be believed when it says that it is not in the business of obstructing commercial shipping or flights anywhere in the South China Sea. But it has created difficulties for the US – and a continuing risk of inflammatory incidents – by insisting that, within the entire 200-mile EEZ extending beyond its territorial waters, no military ship or aircraft has a right to engage in surveil-

lance and intelligence collection.

American pushback on this front, though justified, should be tempered. In the interest of defusing tensions, the US should scale back its monitoring activities within China's EEZs and rely more on less obviously intrusive means.

Managing the US-China relationship in general, and the South China Sea in particular, requires, above all, keeping official rhetoric under control. Lines will need to be drawn, but wise leaders will focus on cooperative diplomatic solu-

The central, painful reality that the US must accept is that a major shift in the Asia-Pacific balance of power has already taken place. The days of America's unequivocal primacy and unilateral capacity to write the rules are over.

tions, playing military cards to the minimum extent possible – and perhaps repeating to themselves, the AA serenity prayer before creating expectations that they cannot meet.

The writer was Foreign Minister of Australia 1988-96, co-chaired the International Commission on Nuclear Non-Proliferation and Disarmament 2009, and is author of *The Responsibility to Protect: Ending Mass Atrocity Crimes Once and For All* and co-author of *Nuclear Weapons: The State of Play 2015*.

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LETTERS TO THE EDITOR

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Tribute to Praful Bidwai

It was a rude shock to learn about the tragic end of the life of Praful Bidwai, an eminent columnist of *The Daily Star* for a long time. The columns of Praful Bidwai could not be missed by any discriminating reader who looked for enquiringly substantive pieces. He would never lose his perspective for fear of any consequence – a positivity enough to carry conviction with his readers.

We mourn Praful Bidwai's passing away rather early in age when he had much more to contribute to the good of the society.

Syed Badrul Haque
On e-mail

Increase pensioners' medical allowance

In Bangladesh, most pensioners get only Tk 500 and those above the age of 65 get only Tk 1000 as medical allowance. These paltry amounts are not enough to meet the medical needs of the pensioners, many of whom suffer from diabetes, hypertension and cardiac ailments. The government should increase the medical allowance to at least Tk 3000 to help mitigate their woes.

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DO from education minister to secretaries

According to a report, Education Minister Nurul Islam Nahid has sent a Demi-Official Letter (DO) to several government secretaries to form a separate pay scale for teachers of public universities. The DO has been sent following a demand of the Federation of Bangladesh University Teachers'

Association (FBUTA) in this connection. The teachers also demanded the government set up appropriate grades for professors on 'Warrant of Precedence'.

While sincerely appreciating the move taken by the Education Minister, we hope that the DO will yield fruitful results. In fact, in many of our neighbouring countries, public university teachers enjoy special pay and status. Professor M Zahidul Haque Department of Agricultural Extension & Information System SAU, Dhaka