

Making RMG compliance mandatory

Retailers, buyers need to collaborate

A recently held seminar in the city organized by the Centre for Policy Dialogue (CPD) brought together union representatives, business leaders in garments industry and other stakeholders to deliberate on the issue of compliance. There is no second opinion that certain basic standards have to be made mandatory for the RMG sector to ensure workers' physical safety and wellbeing. As some experts have pointed out, the RMG industry has now woken up to the realities of installing compliance equipment, costs of which were not previously built into planning.

While safety is undoubtedly at the forefront of compliance standards in Bangladesh, other major RMG-producing countries can commit substantial investments to make their factory floors a safe place to work as their cost of doing business is significantly lower than in Bangladesh. Their companies can retain competitive edge, thanks to lower interest rates, developed infrastructure, skilled labour force, semi-automated production process, financial incentives, high labour efficiency and low cost of materials. These are pertinent issues that have to be addressed before an industry-wide reform can be expected on compliance.

Mere enactment of new legislation will not have the desired effect. Compliance and rock bottom prices buyers and retailers pay do not work together. A change in the modus operandi is required to help financially offset some of the costs of retrofitting unsafe factories to conform to new standards. Policymakers for their part may revisit the duty structure for import of raw materials and bank interest rates to help bolster the single largest export earning sector in the economy.

Lawmakers as lawbreakers!

Lead by example

A recent report in this newspaper of a ruling party lawmaker's men snatching away a criminal from Rab custody underlines a serious abuse of power in utter disregard for the law of the land.

The AL lawmaker from Natore-2 along with a posse of party men was reportedly seen and videotaped getting into an altercation with Rab personnel as the latter went to pick up the notorious criminal at a local bus station.

He is, however, not alone in making a mockery of law and order. In recent days, some members of parliament from the party in power have been known less for their ability to perform their constitutional duties and more for other things, often not nice, like grabbing land belonging to the minorities and beating up public servants.

The apparent unwritten immunity that the ruling elites seem to have granted themselves casts a grim shadow over the credibility of the government and democratic governance. Precedents should be demonstratively set to discourage such improprieties. That would be good for the government in the long run.

Let us make no mistake about what is at stake here: a real democracy where no one is above law and lawmakers are true representatives of the people.

Towards a consensus on Bangladesh priorities

BJORN LOMBORG

THERE are nearly as many different opinions about what Bangladesh should focus on to achieve middle-income status as there are Bangladeshis. For some, education is paramount – but does that mean first focusing on getting more people into tertiary education, or improving early childhood access? For others, the place to start is poverty reduction: again, there are a myriad of different ways to tackle this challenge. Some believe that institutions need to be built before anything else can happen, and for others it is a question of solving social ills first.

To inform this discussion, my think tank, the Copenhagen Consensus Center, has partnered with BRAC on Bangladesh Priorities, a research project that sets out to discover which investments would do the most social, environmental and economic good for Bangladesh for every taka spent. By focusing on where we can achieve the most benefits, we can help decision makers with the difficult task of priority-setting. Of course, cost-benefit analysis is not the only thing they should pay attention to – but it is a vital input.

Copenhagen Consensus has carried out similar projects looking at global development priorities as well as regional spending choices, and this work – performed by some of the world's top economists, including Nobel laureates – has been used to inform the choices of UN agencies, philanthropic organisations, and national

governments.

To embark on Bangladesh Priorities, we first convened and interviewed hundreds of sector experts in a series of roundtable events, to find a wide range of views about what Bangladesh should do to move forward. Encouragingly, there was a lot of enthusiasm for the idea of cost-benefit analysis as a way to set priorities.

Barrister Manzoor Hasan, for example, Executive Director of the South Asian Institute of

readers – and inviting you to join the conversation. On The Daily Star's Facebook page (<https://www.facebook.com/dailystarnews>), we invite you to share your thoughts about the top investments needed for Bangladesh.

Education quality is a top priority for several of those that we spoke to, including Nazrul Islam, Secretary (Coordination and Reforms) Cabinet Division. He prioritised ICT skills development. Computer skills are

kids learn more.

Dr. Sadiq Ahmed, economist and Vice Chairman of Policy Research Institute (PRI) took a different tack. His three immediate priorities are: investment in the power and energy sector; the transport sector; and rural development through targeted infrastructure projects, such as increased clean water supply.

Dr. Ahmed suggested that micro, small and medium enterprises should be developed targeting more sophisticated

where women could seek legal, rehabilitation and health services, and running awareness programs.

Through the Centre for Research and Information's (CRI) 'Policy Cafes', we were able to hear the voice of youth. Young people's priorities included community development, mental disability youth engagement and ICT.

From this engagement across Bangladesh's vibrant policy and civil sector environment, Copenhagen Consensus has gained hundreds of ideas for research across 20 topics. In each of these areas over coming months, we will engage with top economists to conduct cost-benefit analysis, establishing exactly where we can do the most good with our limited resources.

This work will help us answer the question: what investments would generate the greatest benefit for every taka spent? In doing so, it will provide an important input for this vital debate.

But we also want to hear from you. If you were given the chance to make a policy change that could help develop this country, what would be your top choice? More health spending? And what kind? Training? Help for the poor? Policies to make it easier for small or large businesses? Or something else altogether? Go to *The Daily Star's* Facebook page and have your say on what top priorities you think would most help Bangladesh.

The writer is the president of Copenhagen Consensus Center.



PHOTO: PRABIR DAS

Advanced Legal and Human Rights Studies (SAILS), stated that "the Bangladesh Priorities outcome could carry high value to the development partners such as World Bank, DFID or UNDP and also for policymakers in making prudent public expenditure decisions."

Now, with the research for this project poised to get underway, we are sharing some of these leading minds' views on priorities with *The Daily Star*

clearly necessary in today's global economy, to compete as well as to modernise service delivery.

But Dr. Abbas Bhuiya, Deputy Executive Director of Iccdr, suggested he would first focus on improving access for pre-school children to modern early child development programmes, while Janina Jaruzelski, Mission Director for USAID, suggested that increasing school hours may be a simple solution to ensuring

sectors than cycle repair shops. Here, the focus could be on industries such as electronics and fashion design.

Lawyer and Executive Director of BLAST, Sara Hossain, highlighted the country's challenge of domestic violence, noting that very few women who experience abuse seek legal recourse. Ms Hossain suggested interventions to improve access to justice, such as creating more crisis centres

PROJECT SYNDICATE

America in the Way

BUSINESS & FINANCE



JOSEPH E. STIGLITZ

countries and emerging markets have demonstrated their ability to absorb huge amounts of money productively. Indeed, the tasks that these countries are undertaking – investing in infrastructure (roads, electricity, ports, and much else), building cities that will one day be home to billions, and moving toward a green economy – are truly enormous.

At the same time, there is no shortage of money waiting to be put to productive use. Just a few years ago, Ben Bernanke, then the chairman of the US Federal Reserve Board, talked about a global savings glut. And yet investment projects with high social returns were being starved of funds. That remains true today. The problem, then as now, is that the world's financial markets, meant to intermediate efficiently between savings and investment opportunities, instead misallocate capital and create risk.

There is another irony. Most of the investment projects that the emerging world needs are long term, as are much of the available savings – the trillions in retirement accounts, pension funds, and sovereign wealth funds. But our increasingly short-sighted financial markets stand between the two.

Much has changed in the 13 years since the first International Conference on Financing for Development was held

THE third International Conference on Financing for Development recently convened in Ethiopia's capital, Addis Ababa. The conference came at a time when

in Monterrey, Mexico, in 2002. Back then, the G-7 dominated global economic policymaking; today, China is the world's largest economy (in purchasing-power-parity terms), with savings some 50 percent larger than that of the US. In 2002, Western financial institutions were thought to be wizards at managing risk and allocating capital; today, we see that they are wizards at market manipulation and other deceptive practices.

Gone are the calls for the developed countries to live up to their commitment to give at least 0.7 percent of their GNI in development aid. A few northern European countries – Denmark, Luxembourg, Norway, Sweden and, most surprisingly, the United Kingdom – in the midst of its self-inflicted austerity – fulfilled their pledges in 2014. But the United States (which gave 0.19 percent of GNI in 2014) lags far, far behind.

Today, developing countries and emerging markets say to the US and others: If you will not live up to your promises, at least get out of the way and let us create an international architecture for a global economy that works for the poor, too. Not surprisingly, the existing hegemony, led by the US, are doing whatever they can to thwart such efforts. When China proposed the Asian Infrastructure Investment Bank to help recycle some of the surfeit of global savings to where financing is badly needed, the US sought to torpedo the effort. President Barack Obama's administration suffered a stinging (and highly embarrassing) defeat.

The US is also blocking the world's path toward an international rule of law for debt and finance. If bond markets, for example, are to work well, an orderly way of resolving cases of sovereign insolvency must be found. But today, there is no such way. Ukraine, Greece, and Argentina are all examples of the failure of existing

international arrangements. The vast majority of countries have called for the creation of a framework for sovereign-debt restructuring. The US remains the major obstacle.

Private investment is important, too. But the new investment provisions embedded in the trade agreements that the Obama administration is negotiating across both oceans imply that accompanying any such foreign direct investment comes a marked reduction in governments' abilities to regulate the environment, health, working conditions, and even the economy.

The US stance concerning the most disputed part of the Addis Ababa conference was particularly disappointing. As developing countries and emerging markets open themselves to multinationals, it becomes increasingly important that they can tax these behemoths on the profits generated by the business that occurs within their borders. Apple, Google, and General Electric have demonstrated a genius for avoiding taxes that exceeds what they employed in creating innovative products.

All countries – both developed and developing – have been losing billions of dollars in tax revenues. Last year, the International Consortium of Investigative Journalists released information about Luxembourg's tax rulings that exposed the scale of tax avoidance and evasion. While a rich country like the US arguably can afford the behaviour described in the so-called Luxembourg Leaks, the poor cannot.

I was a member of an international commission, the Independent Commission for the Reform of International Corporate Taxation, examining ways to reform the current tax system. In a report presented to the International Conference on Financing for Development, we unanimously agreed that the current system is broken,

and that minor tweaks will not fix it. We proposed an alternative – similar to the way corporations are taxed within the US, with profits allocated to each state on the basis of the economic activity occurring within state borders.

The US and other advanced countries have been pushing for much smaller changes, to be recommended by the OECD, the advanced countries' club. In other words, the countries from which the politically powerful tax evaders and avoiders come are supposed to design a system to reduce tax evasion. Our Commission explains why the OECD reforms were at best tweaks in a fundamentally flawed system and were simply inadequate.

Developing countries and emerging markets, led by India, argued that the proper forum for discussing such global issues was an already established group within the United Nations, the Committee of Experts on International Cooperation in Tax Matters, whose status and funding needed to be elevated. The US strongly opposed: it wanted to keep things the same as in the past, with global governance by and for the advanced countries.

New geopolitical realities demand new forms of global governance, with a greater voice for developing and emerging countries. The US prevailed in Addis, but it also showed itself to be on the wrong side of history.

The writer, 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

"US leaves us out" (August 12, 2015)

Adriano Zahid

It's shocking that US has left us out of GSP, but that's how they have helped Bangladesh raise the standard of working conditions in the garments factories. Garments owners used to torment the workers from all sides, e.g. poor salaries, lack of safety measures and poor food.

Humaun Khan

Why should garments owners give food to the workers when they are paying wages?

Adriano Zahid

If garment owners provide workers with food, they should give healthy food. But we often heard the news in media that 'hundreds of garments workers have got admitted into hospital after having adulterated, poisonous (by bacteria), low standard food or water.' They should treat workers more humanely.

Badrul Islam

The US is doing this for its own benefits; they hardly think about our workers' safety.

"Culture of impunity encouraging crimes: Dr Mizan" (August 10, 2015)

Paul Tapan Kumar

This reflects the worsening state of law and order in Bangladesh.

Rashel Mahmud

Crying for justice is not a rarity in Bangladesh.

LETTERS TO THE EDITOR

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Awareness campaign on road safety

Every year, the number of road accidents is increasing. Nobody cares to obey traffic rules and laws. I would like to draw the attention of the respective authorities to launch nationwide awareness campaigns on road safety issues.

Dr. M. Abu Naser
Part-time faculty
BRAC University

The wars

The wars have directly or indirectly killed around one million people in Iraq, 220,000 in Afghanistan and 80,000 in Pakistan. Not included in this figure are deaths in other war zones such as Yemen or Palestine. And this is only a conservative estimate. The figure is approximately 10 times greater than what the public, experts and decision makers are aware of.

Similar to how the Vietnam War was reported, there seems to be a distancing of the impacts on the people on the ground in war reporting. We have certainly accounted for the dead and wounded Americans and Europeans – in terms of the numbers of US troops and NATO forces affected in the various conflicts – but the deaths of local people and the destruction there, is, for various reasons,



PHOTO: AFP

very deliberately or through self-censorship, kept from the American people so we don't see the real costs.
Ted Rudow III, MA, CA, USA