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FOUNDER EDITOR
LATE S. M. ALI

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Banned pesticides in use!

Hold the authorities to account

IT is extremely concerning that substandard, fake and banned pesticides are being marketed across the country, under the very nose of the authorities, at great risk to public health. Speakers at a roundtable titled "Food Safety and Responsible Use of Pesticides" highlighted that even though the government has banned as many as 195 hazardous pesticides over the last few years, many of these continue to be sold in the markets and used by farmers as a result of lack of systematic monitoring on the part of concerned authorities. As many as 377 types of pesticides, which are already banned in developed countries, are still in use in the country, posing a serious threat to food safety.

The excessive use of pesticides on crops can have debilitating effects on public health, causing cancer, birth defects, and damages to the nervous, reproductive and endocrine systems. It is estimated that at least 2 lakh people die annually from pesticide poisoning. In addition, the use of pesticides has an irreversible effect on the environment. It is alarming that despite the severity of the threat posed by pesticides, their use has increased by a staggering six-fold in the last six decades.

It is unacceptable that no action is being taken at the national or grassroots level by concerned authorities to root out toxic and illegal pesticides from the country. Officers, who are allowing the unfettered trade of these pesticides, must be identified and punished, and stern action must be taken against traders selling these products in the market. The Ministry of Agriculture and other government bodies must raise awareness about the health hazards caused by pesticides and encourage farmers to use non-toxic alternatives.

Bearish mood prevails over banking sector

Expedite reform measures

THE recent London-based BMI research has highlighted the vulnerability of the banking sector of Bangladesh, particularly the state-owned banks. It has pointed out several weaknesses - moderate shocks, underdeveloped risk management systems, weak governance and uneven distribution of loan exposures. These are ominous signs for the country's overall growth prospect. Though various restructuring plans have been taken in the last few years still there is little prospect of improvement in the short-term due to slow progress of those reform initiatives.

Containing the incessant rise of non-performing loans (NPL) in state commercial banks is another big challenge. The current ratio of bad loans (80 percent of total NPL) to total loans for state commercial and specialised banks is 22.2 percent and 32.8 percent, respectively. These loans are typically unrecoverable, and seriously impinge on the banks' profitability, even leading to bank failure. The government should seriously take the BMI research findings and expedite the reform process to strengthen the loan related risk management system.

The research also apprehends that spiralling threat of extremism might again destabilise the political situation which would have a crippling effect on the banks' credit growth. Earlier, violent conflict between the two major political alliances following the 2014 national elections badly affected the sector. The political parties should rise above their rivalry and jointly fight against the extremist elements which also have adverse effects on the banking sector.

COMMENTS

"In MOURNING, in FURY" (December 15, 2015)

Abdul Hafiz Dewan

The cruelty with which the intellectuals were murdered and mutilated is beyond human comprehension.

Tanzilla Silvy

I pay my respects to all the martyred intellectuals of 1971. May their souls rest in peace.

"Bangladesh poised to be the next Asian Tiger: WB chief economist" (December 14, 2015)

K.m. Tazul

We believe that too. Thanks to Mr. Kaushik Basu for his prediction.

Faisal Zakaria

It is possible if political instability doesn't push us back.

"Tk 30 lakh sought for Nirob's family" (December 14, 2015)

Zavar

Tk 30 lakh is not going to heal the wounds of a mother.

Out of Bangladesh

The great money migration

ABU AFSARUL HAIDER

ACCORDING to a research report titled "Illegal Financial Flows from Developing Countries: 2004-2013", recently published by the Washington based research institute Global Financial Integrity (GFI), Bangladesh stands 26th in the list of 149 developing nations, in terms of flight of capital including money laundering (*The Daily Star*, December 10, 2015). More than $57 billion has left the country illicitly between 2004 and 2013, thwarting poverty reduction and economic growth. In another report, the Malaysian High Commissioner in Dhaka Norlin Othman recently said that Bangladesh is among the top three countries eligible to avail itself of the "Malaysia my second home (MM2H)" programme. As many as 2,923 Bangladeshis have so far taken advantage of the offer. According to the Malaysian government rules, to settle in that country under the MM2H programme, one needs to deposit liquid assets worth at least RM 500,000 (about Tk 12.2 million) and show offshore income of RM 10,000 (about Tk 245 thousand) per month. Based on this information, one may calculate that around Tk 35.66 billion (3,566 crore) has been taken out of the country by those who want to settle in Malaysia. Sadly, all this information has been revealed just when Bangladesh has been desperately looking for local and foreign investment.

The term "flight capital" generally does not encompass criminal proceeds but instead refers to commercial and private funds being moved from one country to another. A distinction must be made between its legal and illegal manifestations. The legal component of flight capital is generally after-tax money that is properly documented, as it passes across borders, and it remains on the books of the entity from which it is transferred. Such free market operations are accepted as largely beneficial to investment, trade and development, leaving aside the question of the utility of short term capital controls. The illegal component of flight capital is quite different, illicit financial flows consist of money earned illegally and then transferred for use elsewhere. The money is usually generated from criminal activities, corruption, tax evasion, bribes and smuggling. Furthermore, it is improperly documented which means that it disappears from the records in the country of its origin. The motivations for these two forms of flight capital differ. The legal component is normally fleeing to safety and can be expected to return to the country of origin when investment conditions are attractive. The illegal component is fleeing to secrecy, to be accumulated in a hidden manner, and rarely returns to the country of origin.

Legal capital flight becomes illegal when some multinational companies evade taxes through misuse of a mechanism, known as 'transfer pricing.' Transfer price is the price at which

divisions of a company transact with each other for goods or services. It takes place when two related companies - such as a parent company and a subsidiary, or two subsidiaries controlled by a common parent - engage in international trade with each other for goods and services. Sometimes, related entities of a multinational firm show artificially high prices for an imported product or service in an attempt to deflate profits to evade taxes. This practice is known as "transfer mis-pricing." Several studies show that Bangladesh loses a huge amount of tax money because of the abuse of the transfer pricing mechanism by foreign firms. Global Financial Integrity (GFI) said a total of $34.12 billion between 1990-2008, and more than $16 billion (Tk.1.28 trillion) during 2002-2011, had been illegally taken out of Bangladesh. It means the country lost around $1.8 billion a year in capital during this period, causing the tax authority to lose a huge amount of revenue. Another form of capital flight comes from foreign aid and loans intended to build the country's infrastructure but corrupt politicians, government officials and businessmen keep their commissions and kickbacks from such deals in foreign banks.

The costs of this financial haemorrhage have been significant for Bangladesh as it has heightened income inequality and jeopardised employment prospects. On an average, $5.59 billion was siphoned out a year, and in 2013 alone, the country witnessed illegal flight of capital to the tune of $9.66 billion. To put matters into perspective, that figure is three times the amount of foreign direct investment (FDI) Bangladesh has received in the last so many years. Illegal capital flight takes place when businesses and individuals feel insecure because of rising political tension and shift their money out of the country. In Bangladesh flight of capital is not a new phenomenon. Since independence, people who have felt uncomfortable with our politics and political situation have moved their wealth and invested somewhere else. In the early '70s, investments were made in the United Kingdom, United States and Canada, and now Malaysia, Thailand and Dubai have been added to the list. Today Malaysia is one of the fastest growing economies in the region, and the Malaysian economy has witnessed tremendous changes in the last three decades. Malaysia is also offering one of the best investment schemes in the region and the quality of life there is amazing. These countries have always welcomed such investments because it has boosted their economy.

Although political turmoil and uncertainty during 2013 is partly to blame for such massive outflow of capital, it also an indicator of how widespread the problem is of illicit channels being used in Bangladesh to send monies abroad. One needs to understand that businesses tend to avoid unstable and conflict-prone areas and as such the rate of illicit flow from Bangladesh has risen no less than 33 percent, as reported by the GFI. It was reported that some politicians and politically blessed businessmen are mainly responsible for shifting huge sums of capital out of the country. Now the question is, if we let the trend continue, can we imagine what sort of impact it would have on our economy? A country like ours, where actually the wealth of the nation is attributed among a small group of rich people, if a good portion of them decide to stop business activity and shift their wealth and business to some other country, our economy will fall into deep trouble. Businesses and factories will be shut down, creating unemployment; law and order will deteriorate; the real-estate sector will surely collapse; demand for foreign currency will go up, which can cause the domestic currency to fall in value, which in turn can lead to tremendous instability and harm to the entire economy. Therefore, before things become uncontrollable and the country goes into deep crisis, the sticky issue of graft has to be tackled head on. Governments should adopt and fully implement all anti-money laundering recommendations of the Financial Action Task Force and the laws already in place should be strongly enforced.

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PROJECT SYNDICATE

Why Economists Put Health First

KENNETH J. ARROW *and* APURVA SANGHI

IN an ideal world, everyone, everywhere, would access the health services they need without having to pay more than they could afford. But is "health for all" – also known as universal health coverage – really possible, not just in rich countries, but in the poorest countries, too?

In short, yes. That's why we joined hundreds of fellow economists in almost 50 countries to urge leaders to prioritise investments in universal health coverage. And the broader impetus behind this Economists' Declaration, convened by The Rockefeller Foundation and now with more than 300 signatures, has placed global health and development at a historic crossroads.

In September, the United Nations General Assembly adopted a new set of 15-year global goals to guide the world's efforts to end poverty, foster inclusive prosperity, and secure a healthy planet by 2030. As world leaders prepare to enact the most ambitious global to-do list yet – the Sustainable Development Goals will be launched on January 1 – deciding where to begin may seem a daunting task.

For economists, however, the answer is clear: The next chapter of development strategy should assign a high priority to better health – and must leave no one behind.

Reaching everyone with high-quality, essential health services without the threat of financial ruin is, first and foremost, the right thing to do. Health and survival are basic values to virtually every individual. Furthermore, unlike other valuable goods, such as food, they cannot be supplied without deliberate social policy.

The fact that "preventable deaths" remain common in low- and middle-income countries is a symptom of broken or under-resourced health-care delivery systems, not a lack of medical know-how. If we increase investments in health now, by 2030 we can be that much closer to a world in which no parent loses a child – and no child loses a parent – to preventable causes.

Universal health coverage is also

> *The success of the world's development goals hinges on our ability to reach the poorest and most marginalised populations, who continue to bear the brunt of death and disability worldwide.*

smart. When people are healthy and financially stable, their economies are stronger and more prosperous. And, with benefits ten times greater than initial costs, investing in health first may ultimately pay for the rest of the new global development agenda.

So the question is not *whether* universal health coverage is valuable, but *how* to make it a reality. More than a hundred countries have taken steps down this path; in the process, they have revealed important opportunities and strategies to accelerate progress toward the goal of health for all. In particular, we believe that three areas – technology, incentives, and seemingly "non-health" investments – have the potential to advance universal health coverage dramatically.

First, technology is fast becoming a game changer, especially in developing countries, where the gap in access to health care is the widest. In Kenya, which already leads the world in mobile money through "m-PESA," an upsurge in telemedicine is enabling rural patients and health practitioners to interact, through video conferencing, with staff in Kenya's main hospitals – thereby increasing quality of care at very little cost.

The m-PESA Foundation, in partnership with the African Medical Research Foundation, has also begun implementing online training of community health volunteers and complementing these trainings with bulk SMS/WhatsApp group messages to keep the group connected and share important updates. Investments in high-value, low-cost technologies will help us achieve more with every dollar.

Harnessing the power of incentives is another way to accelerate health reforms. This can and should be done without forcing the poor to pay for health-care services at the point of delivery. For example, when the state pays the private sector based on outcomes (for example, the number or share of vaccinated children), both accountability and results have been known to improve. Voucher programmes for reproductive health care in Uganda and Kenya are now providing access to quality services from the private sector.

Finally, building resilient health-care systems – flexible enough to bend, but not break, in the face of shocks – means improving other public goods that are closely linked to human health. These include clean water and sanitation, and roads and infrastructure that enable emergency care and delivery of services. Health systems do not exist in a vacuum, and if we are serious about *sustainable* development, it is time to understand that investments in complementary systems are "trade-ons" not trade-offs. We should be wary of viewing medicine as the only path to better health.

The success of the world's development goals hinges on our ability to reach the poorest and most marginalised populations, who continue to bear the brunt of death and disability worldwide. A natural progression of the *status quo* will not be enough to reach them. Instead, we must push public health systems beyond their usual boundaries by investing in and promoting new technologies, sharpening incentives, and recognising that health systems do not exist in a vacuum.

Universal health coverage is right, smart, and overdue. To achieve a world where everyone's health needs are met and nobody is trapped in poverty, our leaders must heed this message and act on it.

The writers are Nobel laureate in economics, Emeritus Professor of Economics and Professor of Operations Research at Stanford University; and the World Bank's lead economist for Kenya, respectively.

LETTERS TO THE EDITOR

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Why shut down Facebook?

Being a 70-year-old man, I am a regular user of Facebook. Facebook keeps me updated on the whereabouts of my children, grandchildren, relatives and friends who live all around the world. Facebook has reduced my sense of loneliness and depression which is very common among people of my age. When Facebook was shut down by the government, it was not possible for me to send messages every day to my loved ones abroad. Fortunately, the government has unblocked Facebook and I no longer have to bear this frustration in silence.

I, therefore, request the government not to do this again as there are alternative ways to use Facebook and these types of actions decrease the popularity of the government.

Ziauddin Ahmed
On e-mail

Pakistan should apologise

We are shocked at the way Pakistan reacted to the execution of the war criminals. To our disappointment, they have even denied the atrocities committed by them on innocent Bangladeshi civilians in 1971. Despite historical evidences and scores of testimonies of eyewitnesses and victims, the Pakistanis keep denying the truth. I urge the government not to take relations with Pakistan forward until they apologise to Bangladesh for committing war crimes.

Nasif Ferdaus
Sylhet