

CJ's comments

Deserve due consideration

WE welcome the very insightful comments of the Hon'ble Chief Justice made at a book launching ceremony on Saturday. No one can take issue with the CJ when he suggests that laws formulated at the end of the 19th Century are practically obsolete in the 21st Century. The question is how do we go about making the existing laws conform to the present and legislate appropriate new laws?

There is the national parliament whose primary job it is to enact laws. Reportedly, the Jatiya Sangsad has enacted more than a thousand laws since independence, but regrettably, as the CJ had pointed out, very few of those were treated with due diligence during formulation. When the parliament devotes on the average, only six percent of its time to pass a bill, as per a study of TIB on the 10th parliament, it cannot be otherwise. And when one considers that for a greater part of the Sangsad's term since 1991, the opposition was absent from the parliament, laws enacted are bound to suffer from various lacunae.

Then there is the Law Commission, whose job precisely is to recommend enactment of new, or annulment or modification of existing, laws. As we understand, the Commission in the last 20 years has forwarded 141 reports to the government, of which more than 100 were proposals for enactment of new or, annulment or modification of, existing laws, and less than 20 of those were implemented by the government. We wonder why the others were not considered. After all, the Commission sends recommendations following long deliberations that include eliciting public opinion on a proposed recommendation.

We think the CJ's remarks have plenty of substance and the government will do well to treat those seriously to invest the country's legal system with dynamism.

Unesco visit

Not meeting civil society groups suspicious

THE recent visit of a joint Reactive Monitoring Mission involving the UNESCO World Heritage Centre and the International Union for the Conservation of Nature (IUCN) raises more questions than answers. The mission that was supposed to focus on factors threatening the Outstanding Universal Value of the Sundarbans, and the planned development of a coal-fired thermal power plant in the immediate vicinity of the world's largest mangrove forest, left without meeting social movement groups including The National Committee to Protect Sundarbans, which was already approved by the government.

No one seems to know why. And activists and experts who have long been working for the protection of the forest are asking if the report prepared by the Unesco team would be accurate based only on the official narrative. Why was the mission allegedly not allowed to meet environmentalists and activists? What is the government trying to hide?

The 1,320 MW Rampal coal plant will sit within 14 km of the Sundarbans, a Unesco World Heritage and activists fear that the coal plants will slowly destroy the site - already under threat from forest fragmentation and overpopulation - due to air and water pollution, changes in water quality and increased traffic. The Rampal plant alone will take more than two hundred thousand cubic metres of water every day from the Passur River, potentially changing the salinity and temperature of the water on which mangroves depend.

The government has an obligation to act in a more transparent and accountable manner, listening to all sides and considering all factors before going ahead with this project. We definitely want more power for industry and growth but not at the cost of our environment. Power plants are replaceable; a forest like the Sundarbans is not.

SHARJIL HAQUE

IMAGINE paying interest to save money. A bizarre idea that was once theoretical curiosity is now a stark reality in several economies of the developed world: Sweden, Denmark, Switzerland, the Euro Area countries and Japan. Central banks in these economies - which represent more than 25 percent of global GDP - have been charging interest on excess reserves it receives from commercial banks and pushing target for key policy rates below zero. Negative interest rates were introduced to fight persistent deflationary threats, stimulate economic activity and (in the case of Denmark and Switzerland) deter capital inflows and exchange rate appreciation. In theory, negative rates should work similar to conventional monetary expansion with an added punch for banks to seek out riskier investment opportunities. But the unorthodox nature of the policy has sparked off considerable anxiety and criticism from various fronts. Financial sector specialists are labelling it as 'Death of Banks', 'High-risk experiment' and the 'stage for the next crisis'. So will negative rates take these economies to the brink of disaster or are we looking too far ahead without assessing likelihood of risks, cost-minimising strategies and potential benefits of this policy?

The advent of negative rates did intensify financial market volatility in Europe. Volume of activity in short-term money market instruments fell; bank stocks tumbled. Detractors argue that banks either risk stability of their retail funding base (by imposing negative deposit rates) or sacrifice profitability through reduced interest rate spread (by only lowering lending rate). Yet, the idea of losing retail depositors is not entirely convincing. In a digitised era and low interest rate environment, physically storing and moving large amounts of cash is costly. Marginally negative deposit rate does not seem strong enough incentive for people to haul their money out of banks when their alternatives are unattractive as well. Note that average bank deposit rate in Switzerland has fallen below zero since early 2015. Yet

year-on-year growth of currency in circulation remains subdued relative to historical standards, suggesting savers have not switched to cash. This evidence notwithstanding, banks in Portugal, UK, Italy, France, Denmark, Norway, Finland and the aggregate Euro Area are charging - on average - household deposit rates above 0.5 percent, as of December 2015 (Source: Economist Intelligence Unit). Meaning these economies have some room to take down deposit rates within positive territory - reviving net interest

years due to high non-performing loans. NPL as percent of total gross loans in Italy, Portugal, Ireland, Cyprus and Greece stand at 17.3, 12.3, 18.8, 44.8 and 34.4 respectively, as of 2015 (Source: World Bank). It is challenging for new loans to flow into the economy until banks clean their balance sheets. If anything, lower rates are favourable to that cause. Negative (or low) interest rate reduces odds of an increase in non-performing loans (NPL) by lowering cost of capital for business.

It should come as no surprise that

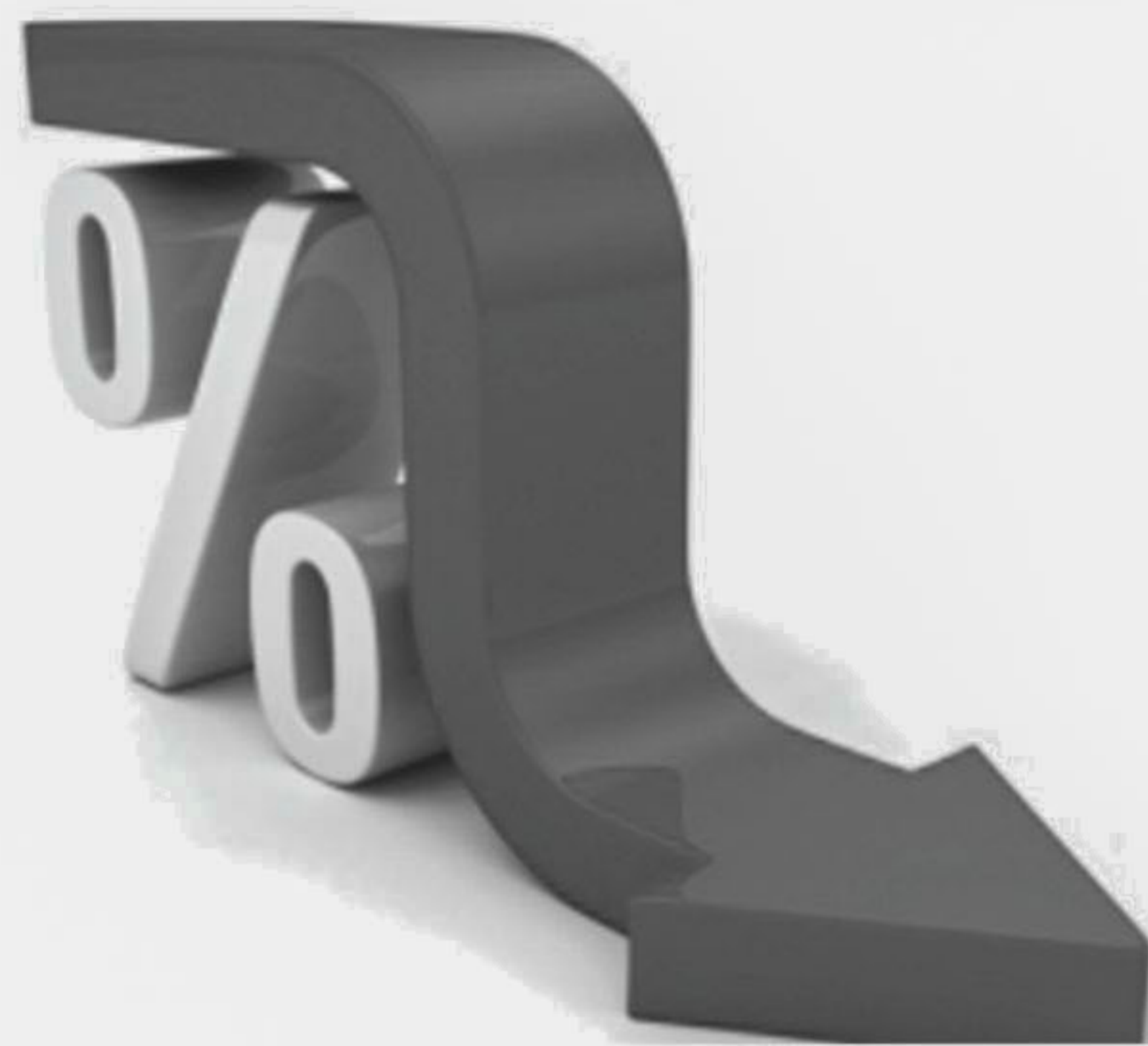
two sides to that story - someone on the other end will earn less interest. But it is fair to say that the net effect is positive given that money saved by the government is used for productive expenditure. Not to mention that existing bond holders - banks, non-financial corporations and individuals - generate capital gain due to lower policy rates.

Another benefit accruing to these countries is through the exchange rate channel since their currencies have depreciated (or appreciated less), supporting trade flows. The Euro and Danish Krone depreciated by around 18 and 14 percent respectively since June and September 2014, when each central bank pushed rates below zero. Small wonder that both economies experienced higher export growth in 2015 compared to the previous two years (Source: Haver Analytics, Bloomberg LP).

It goes without saying that the exchange rate channel also has implications for developing countries. For those who also devalued their currencies in recent times, adverse effect on trade will be limited. Some developing economies could also see additional inflow of capital through bond markets as investors move away from negative-yielding debt in Europe and Japan. This additional inflow could moderate negative impact on capital flows to developing countries when the U.S. continues its monetary tightening cycle. This is especially important given that these economies need external sources of capital to finance public investment.

Make no mistake; these points are not made to suggest negative interest rate is a silver bullet. It is true that taking policy rates substantially deeper into negative territory may reveal greater costs and vulnerabilities. But is negative interest rate only a story of doom and gloom, as some critiques suggest? The short answer is no. At existing levels, or even after another 10-25 basis point rate cut, describing it almost as a harbinger of death seems a touch unwarranted.

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margin without threatening funding base.

That said, profitability of banks is also affected due to negative interest on excess reserves. This effect is partially mitigated by central banks' policy of charging negative rates only above certain thresholds. For instance, in Switzerland, the threshold is 20 times a bank's minimum reserve requirement. In Japan, negative rates have been imposed only on new excess reserves accumulated after the policy announcement and not on preexisting levels. Also worth mentioning is that bank profits have languished in recent

bond markets in these advanced economies have swiftly reacted to negative rates. Five-year bond yields in Switzerland, Belgium, Austria, Netherlands, Finland, Germany and Japan have turned negative in the last few months (Source: Bloomberg LP). An analysis by the Financial Times suggests that interest savings on new debt issued by the Japanese government since January, 2016 (when negative rates were introduced) is already above USD 700 million annually. These benefits will continue to rise as governments refinance their existing debt. To be sure, there are

LABOUR PRACTICES UNDER SCRUTINY

Do We Need to Worry?

DR. ABDULLAH SHIBLI

OUR labour practices and instances of child labour are once again receiving international attention, and some changes in the trade dynamics and global alignments persuade us to take a careful review of Bangladesh labour laws, enforcement, and standards. What can we do to improve work conditions in RMG industry, tea plantations, ship breaking, aquaculture, and the service industry, and especially the domestic work sector? And who is regulating our manpower export sector? Since the answer has serious implications for Bangladesh's trade relations and the reputation of our "brand", there is need for some brainstorming.

Before I explore the questions raised, allow me to give credit to our journalists who have been at the forefront of our national efforts to document and expose practices that result in exploitation of labour. A recent front page story in this newspaper titled, "Toiling Away Childhood" (February 29, 2016), reminded us once again that some sweatshops in Keraniganj engage in the practice of hiring underage boys and girls. Moreover, we cannot deny that children under 14 years are often found working in almost all sectors, including agriculture, industry, services, and particularly, fisheries and domestic households.

The National Public Radio (NPR), a US government supported radio network, ran a story on a book by Kevin Bales, *Blood and Earth*, who wrote that "shrimp demand satisfied with slave

labour is also driving an environmental disaster in Southeast Asia", and identified the Sundarbans and Dublar Char as places where he found slave labour. Commenting on another book on this subject, *Bonded Labour: Tackling the System of Slavery in South Asia*, Professor Indrani Chatterjee of the University of Texas, Austin, said, "The central conundrum that powers this book is the existence of millions of bonded labourers in all the nation-states of South Asia, despite comprehensive legislation to abolish it."

Can Bangladesh ignore these problems or do we need to address the issues raised? The short answer is that we can do so only at our own peril. Labour practices and the right to organise by workers have recently received a lot of attention in Western media, triggered by terrible industry accidents in India, Bangladesh and Pakistan. This issue was also raised in the context of the Trans Pacific Partnership (TPP). It is well-known that the TPP has many provisions that relate to labour practices in developing countries, including laws, rights and concerns. It is a foregone conclusion that any TPP partner country where there is exploitation of labour and a lack of freedom of movement would be severely sanctioned. Developing countries, including Malaysia, Vietnam and Brunei, were warned early on that any restriction on workers' right to unionise or collective bargaining or other practices that might appear to limit the right of workers would come under international scrutiny. At a recent meeting in Cambridge, MA,

USA on March 6, 2016, organised by the International Sustainable Development Institute (ISDI), various speakers discussed the impediments to greater exports of frozen food from Bangladesh, and spoke on the labour practices in Bangladesh. Senior Secretary of Commerce, Bangladesh, Hedayetullah Al Mamoon, assured the gathering that these issues were on the government's

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radar screen, and expressed hope that Bangladesh would soon start following Vietnam, our main competitor in the RMG sector, in improving labour conditions in the country. Al Mamoon and Maksudul Hasan Khan of the Ministry of Fisheries and Livestock also emphasised on the need to enhance the country's public relations efforts to showcase progress made so far, in the same measure.

Kevin Bales and Siddharth Kara identify three sectors in Bangladesh where they claim slavery is prevalent: tea plantations, hatcheries, and domestic households. Both Bales and Kara are advocates for a cleaner environment and see a nexus between environmental deterioration and exploitation of labour. To quote Bales, "Slavery and environmental destruction are doing a deadly dance. The scale of their joint disaster is so great that it has simply been too big to see, until now. It is also subtle, a creeping erosion of life wrought by the hands of millions of slaves compelled to destroy their own livelihoods even as they destroy any chance of arresting global warming."

The employment of domestic workers has also come under a lot of scrutiny. Let us admit that we have to enforce the laws relating to child labour, trafficking, and sexual exploitation when it comes to the employment of workers. As we take strides towards a middle-income status in the comity of nations, we need to redouble our efforts to ensure decent wages and better living conditions for everyone. And, since we live in a world with a free flow of information and a globally networked economy, it is imperative to ensure that we are forcefully combating the curses of human trafficking, debt bondage, child labour, and forced marriage. We also need to strengthen measures to crack down on the exploitation of the Bangladeshi workforce in the Middle East.

The writer is an economist and author of a recent book, *Economics is Fun. Short Essays for the Masses*.

COMMENTS

"US wants to help Bangladesh's airport security"

(April 1, 2016)

Sharful Alam

We can manage our own airports if efficient people are recruited and if proper training is given to them.

Syed Siddiqui

Some corrupt employees are damaging the image of our airports. The government should handle them in a strict manner.

LETTERS TO THE EDITOR

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Mockery in the name of election

We have never seen a UP election so violent. Instead of catching the culprits who stuffed the ballot boxes with stamped ballot papers, the law enforcers at the polling centres shot at people and killed them. The supporters of Awami League candidates also shot people. We couldn't hold our tears back when we came



PHOTO: BANGLAR CHOKH

across the news of Shuvo, a ten-year-old-boy who was killed by a stray bullet fired by the supporters of an Awami League candidate at Keraniganj. The EC must take the responsibility of these violent incidents.
Jannat
On e-mail

An alternative arrangement

National identity card (NID) is an important document for all citizens and there are some jobs that cannot be done without a NID. I applied for my NID in January 2015 but haven't received it yet. However, the government has made it mandatory to provide a copy of NID to re-register the SIM cards. What am I supposed to do? The government should make alternative arrangements for those who don't have a NID.
Md Mustakimur Rahman
Legal Research Assistant, BILIA

Congratulations to the PM

Recently our honourable Prime Minister Sheikh Hasina has been named as one of the greatest leaders of the world by business magazine Fortune. She has ranked 10th among 50 leaders who "are transforming the world and inspiring others to do the same," the internationally acclaimed magazine said. Our heartiest congratulations to the prime minister for this achievement.
Nafis Nihal Ferdous
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