

Increasing productivity to revive growth

SHAMSHAD AKHTAR

THE Asia-Pacific region's successful achievement of the 2030 Agenda for Sustainable Development needs to be driven by broad-based productivity gains and rebalancing of economies towards domestic and regional demand. This is the main message of the Economic and Social Survey of Asia and the Pacific 2016, published on April 28 this year by the Economic and Social Commission for Asia and the Pacific. Such a strategy will not only underpin the revival of robust and resilient economic growth, but also improve the quality of growth by making it more inclusive and sustainable.

How should Asia-Pacific policymakers go about implementing such a strategy? Approaches by developing Asia-Pacific economies, which are tilted more towards reliance on export-led economic recovery, will be ineffective under the current circumstances. Despite extraordinary measures, global aggregate demand remains weak and China's economic expansion is moderating. The impact of further loosening of the monetary policy is also likely to remain muted, and is not advisable. The key reason is a confluence of macroeconomic risks that are clouding the economic outlook, such as low commodity prices affecting resource-dependent economies, volatility in exchange rates, as well as growing private household and corporate debt - the impact of which is likely to be complicated by the ambiguous path of interest rate increases to be pursued by the United States.

The contribution of export-led economic growth to overall development of economies, supported by low interest rates and rising private debt, seems to have plateaued, with economic growth in developing Asia-Pacific economies in 2016 and 2017 forecast to marginally increase to 4.8 percent and 5 percent respectively from an estimated 4.6

percent in 2015. This is considerably below the average of 9.4 percent in the pre-crisis period of 2005-2007. Along with the economic slowdown, progress in poverty reduction is slowing, inequalities are rising and prospects of decent employment are weakening. At the same time, rapid urbanisation and a rising middle class are posing complex economic, social, and environmental and governance challenges. Such conditions can undermine the significant development successes of the region in recent decades, making it more difficult to deal with the unfinished development agenda, such as lifting 639 million people out of poverty. Had inequality not

workforce; innovation through trade, investment and R&D; adequate infrastructure in transport, energy and ICT; and access to finance, especially by SMEs. Fiscal measures underpinning such initiatives should be accompanied by sustained reforms towards efficient and fair tax systems which deliver the necessary revenues for the required investment in sustainable development. Sustained increases in domestic demand will also require steady growth in real wages. This requires linking labour productivity more closely to wage levels. Strengthening the enabling environment for collective bargaining is one necessary

declined by 30 percent, reaching just 3.9 percent in 2013. The recently-adopted Sustainable Development Goals provide an entry point to strengthen productivity. For instance, raising agricultural productivity and thus lifting rural households' income must be at the centre of the focus to end poverty (Goal 1), and to end hunger and achieve food security (Goal 2). This is because agriculture accounts for one in four workers in the region and more than half of the region's people live in rural areas. Efforts to eradicate poverty and increase agricultural productivity would also foster development of the rural sector and encourage industrialisation (Goal 9).

Higher levels of productivity in agriculture will also free-up labour, which would be available to work in the non-agricultural sector. It is therefore imperative to consider a broader development strategy that moves towards full and productive employment (Goal 8) to accommodate the "agricultural push" of labour. This will require mechanisms to provide, particularly those with low skills, access to quality education and lifelong learning (Goal 4). The need to provide quality education cannot be overemphasised in view of the skills bias of modern technology, which reduces the pace of absorption of unskilled labour released from the agricultural sector.

Thus, whereas the Goals will contribute to strengthening productivity, which will also contribute to the success of a number of the Goals, creating a virtuous cycle between sustainable development, productivity and economic growth.

The full Economic and Social Survey of Asia and the Pacific 2016 may be downloaded free of charge at <http://www.unescap.org/publications/economic-and-social-survey-asia-pacific>.

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increased, approximately 200 million more people could have been lifted out of poverty in the three most populous countries of the region alone.

To overcome these challenges, and to revive the region's economic dynamism and effectively pursue the 2030 Agenda, policymakers are advised to use all available policy levers, including countercyclical fiscal policy and supportive social protection measures, which critically calls for raising domestic resources. Such interventions would not only support domestic demand but also strengthen the foundations for future productivity-led growth by targeting areas such as: labour quality, including knowledge, skills, and health of the

component in the policy arsenal of governments, with the enforcement of minimum wages as another important policy tool.

After increasing significantly over the last few decades, productivity growth has declined in recent years. This is worrying not only because wage growth has lagged behind productivity growth, but also because wage growth ultimately depends on productivity growth. Specifically, compared to the period between 2000 to 2007, annual growth of total factor productivity has declined by more than 65 percent in developing countries of the region, averaging only 0.96 percent per year between 2008 and 2014; labour productivity growth has

Workers' uncountable contribution

Ensure labour rights in all sectors

TODAY, May 1, marks the day in 1886 when over 200,000 workers all over the US organised a nationwide strike for an eight hour work day, a standard that would eventually be accepted throughout the globe. Along with that has come the recognition of other rights of a worker - the right to a minimum wage, leisure time, a safe work environment, to organise and demand what is due to him/her - the right to be treated with dignity.

For low middle income countries like ours, labour rights have not always been the first priority in policy making or while doing business. The Rana Plaza tragedy and its aftermath have compelled the garments industries to take effective measures to ensure workers' safety and for the majority of factories, major improvements have been made.

But there is still a long way to go before we can claim to have ensured basic labour rights in the RMG industry, one of our most profitable sectors. There are still many instances of workers not being paid their salaries or festival bonuses, of being unfairly sacked, sexually harassed and working under unsafe conditions.

In the case of Bangladeshi migrant workers the rights scenario is no better, although the problem lies more with the recruiting countries. Even then, as a country that largely depends on foreign remittance for its laudable growth rate, we have not done enough for our migrant workers.

But the grossest violation of international labour laws occurs in the informal sector where workers rights are at mercy of the employers' whims. Domestic workers, for example, are the most exploited of all. A Domestic Workers Protection Welfare Policy 2015 that will provide registration and legal assistance still waits to be implemented.

It is high time that we, as a nation, sincerely honour international conventions and laws governing labour rights. We must acknowledge that it is these workers who are giving us our 7 percent growth rates, our foreign exchange reserves and keeping our homes in order. Isn't it about time we gave back for the invaluable benefit they provide us with?

Seeking legal redress for rape

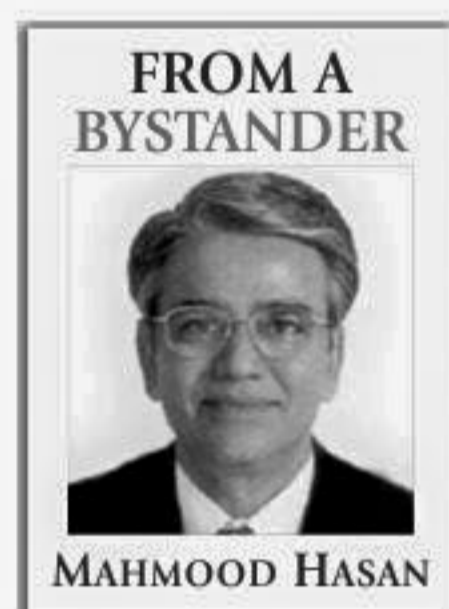
A nightmare for the victim

UNLIKE the United Kingdom, the US and Australia, where laws regarding rape have evolved to a state that the "character, morality and sexual history of a victim are largely irrelevant to a sex crime trial", we in Bangladesh are stuck with the Evidence Act of 1872, which largely allows for a victim of rape to be accused of "bad character". The whole process - from recording the incident with the police to the actual trial, should it get to that stage, is skewed against the victim. That we have provisions in the Act which allows the accused (usually a man) to point the finger at the victim (the woman) and claim her to be of loose moral character is outrageous in today's context, particularly as a woman's "character" has no bearing on whether or not she was raped. Perhaps this is one of the reasons why so many rape incidents go unrecorded in our country.

A legal rights body has petitioned the High Court (HC) to challenge the "two finger", a (gross violation of personal privacy) test which has prompted the HC to issue a rule asking the government to explain why it should not be declared illegal. The ministry of health has, we are informed, submitted a draft guideline that recognises the archaic test as both "unscientific" and "horrendous" but the rule remains pending before the HC till date.

In the meantime the world has moved. In other countries we find legislation that restricts free movement of sex offenders and there is no provision of presenting before the court the question of morality of a victim. It is high time Bangladesh moved beyond what was written during the times of the Raj to protect the victims and allow them to seek justice.

Obama's fence mending trip to Saudi Arabia



FROM A BYSTANDER
 MAHMOOD HASAN

PRESIDENT Barack Obama has undertaken the Riyadh visit (April 20-21) at a time when US-Saudi relations are in the doldrums. Saudi Arabia is considered a key US ally in the Middle East, but lately several developments have left the Saudi royal family in a tense situation.

First of all, Saudi Arabia broke off diplomatic relations with Iran on January 4, 2016, following an attack on its embassy in Tehran. Iranian zealots attacked the Saudi missions after Saudi Arabia executed Shiite cleric Sheikh Nimr Baqir on January 2. This happened at a time when Riyadh was urging Washington not to go ahead with the nuclear deal with Iran.

Washington's reaction to this incident was apathetic. President Obama's recent comments that he resented "free riders" among Arab allies, and his gratuitous suggestion that Saudi Arabia and Iran "find an effective way to share the neighbourhood" and that there should be "cold peace" between Iran and Saudi Arabia, had further ruffled Saudi feathers.

Secondly, despite strong opposition from Riyadh and other Gulf countries, Washington's outreach to Tehran, after four decades of antagonism, led to the signing of a nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA), on January 17, 2016. Through this deal Shiite Iran, the traditional adversary of Sunni Saudi Arabia, shook off its isolation from the rest of world, thereby feeling more emboldened than it ever did in the recent past.

Thirdly, the US Congress is pushing a draft bill called "Justice Against Sponsors of Terrorism Act" that would make it easier for families of the victims of the 9/11 attack on the World Trade Centre to sue foreign governments perceived to have aided al-Qaida. If enacted, victims' families can go to American courts demanding millions of dollars in compensation from the Saudi government, provided that the said government's complicity to the attack is proven. 15 of the 19 terrorist hijackers were Saudi citizens.

While Saudi Arabia has persistently denied any involvement in the attack, the possibility of the bill being passed by the Congress has infuriated Riyadh. Riyadh sees this development as a hostile American act towards the Kingdom, and has threatened to sell off over \$750 billion of US treasury securities amidst fears that American courts may freeze them. If it comes to that, the recovery of the American economy since the 2008 recession will surely be in jeopardy. Families of 9/11 see this threat as a blackmailing tactic by Riyadh. But policymakers in Washington have taken the threat seriously.

While US lawmakers are pushing the

Secretary Josh Earnest said, "The whole notion of sovereign immunity is at stake. And it is one that has more significant consequences for the United States than any other country."

Indeed, passing of the bill will undermine international legal norms that have benefitted the United States on the world stage. It will have major repercussions on the international legal system, as the US government can be sued for all the misdeeds it commits overseas. Suing the Saudi government will set a precedent that will definitely haunt the American government.

To mend fences with Saudi Arabia and the Gulf States, President Obama flew



PHOTO: AFP

bill, they want parts of the 2004 US Government report, which is believed to detail possible Saudi connections to the attack, declassified.

What has bothered President Obama is that both Republicans and Democrats are behind this legislation. Though no individual country is mentioned, Obama said he is "opposed" the bill. "This is not just a bilateral US-Saudi issue. If we open up the possibility that individuals in the United States can routinely start suing other governments, then we are also opening up the United States to being sued by individuals in other countries," he said. White House Press

into Riyadh to a cool reception on April 20. He was received by the Governor of Riyadh rather than a senior level royal, which demonstrated Saudi Arabia's annoyance at American policies towards the Kingdom. Normally, US presidents are received by the King at the airport, and in cases the king is unable to do so, a senior level royal is usually the first to greet the American president. The funny thing is that earlier in the day, King Salman was present at the airport to receive the leaders of other Gulf nations. Obama obviously had to swallow the snub.

There were two events that marked

President Obama's visit to Saudi Arabia - a bilateral meeting between him and King Salman (80), and the US-Gulf Cooperation Council meeting held this year. King Salman had not attended the first US-GCC meeting held in Camp David in May 2015, which was convened by President Obama.

Interestingly though, the Saudis and Gulf States are wary about the Iran deal - in the Communiqué, issued after the Riyadh meeting, both sides reiterated support for the JCPOA, however, the GCC still considers JCPOA as US abdication of its role as security guarantor of the region. President Obama has reassured once again that America would cooperate for the security of the region, through various means, such as ballistic missile defence, military preparedness, transfer critical military capabilities etc. However, strengthening the coalition against ISIL, cessation of hostilities in Yemen, and political transition in Syria, to which the GCC agreed, was high on Obama's agenda.

Throughout President Obama's term in office, relations between Washington and Riyadh had been tense. The conservative countries of the region were outraged by US support for the Arab Spring, the perceived root of many upheavals and instability in the region.

Actually there was neither any major agreement on security nor any condemnation of Iran at the meeting, which is what the GCC wanted. Obama wanted every country to do its part, meaning American allies must develop their own capabilities to defend themselves. With Obama's disengagement policy in the Middle East, a new regional order seems to be emerging, in which Israel figures prominently.

It seems that with his fourth and final visit to the Kingdom, Obama has succeeded in allaying some of King Salman's fears, but gaps in the fence remain. Saudi-US relationship is a complex web built on military and energy links. Despite strains, neither can afford to dump the other. However, the future of Washington-Riyadh relations hangs on the outcome of the proposed anti-Saudi bill in the US Congress.

The writer is a former Ambassador and Secretary.

COMMENTS

"Minister says sorry for power disruption"
 (April 29, 2016)

Alimon Karim

Thank you for saying sorry and accepting the failure. Now kindly give us a quick solution.

LETTERS TO THE EDITOR

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Combating extremism

The recent ghastly murders in Kalabagan and Rajshahi have shaken the country. Other countries have also condemned the killings. The gains of the government are being overshadowed by its failure in nabbing the killers. The threat is real and it cannot be overlooked or underplayed. Blame games will not solve the problem. I

suggest the following measures to combat the rising extremism.

1. Intelligence network has to be expanded to the deepest level. Suspected terrorists cells have to be penetrated.
2. More policemen will have to be recruited to provide better coverage and patrolling.
3. Law enforcement agencies

will have to be better trained to avoid human rights violations.

4. Breeding ground of terrorists will have to be identified and destroyed.
 5. De-radicalisation programmes have to be introduced at the earliest and with sincerity.
- Dr. SN Mamoon
 Dhaka

Who will relieve their pain?

On the historic May Day, I recall the toiling masses whose blood, sweat and tears keep the wheel of our economy moving. They toil from dawn to dusk for a pittance. Workers, who risk their lives so that we can live in luxury, reside in slums. I remember those ill-fated workers who died in the Rana Plaza collapse. Around twelve

hundred people lost their lives in that tragic event that happened three years ago. Have their bereaved families got the compensation that they deserve? The survivors are living a traumatised life. Who will relieve their pain?
 Zabeed Wali
 Chittagong



PHOTO: AFP