

# The Daily Star

FOUNDER/EDITOR  
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## State-owned banks in trouble

### Loan defaulters have free run

ACCORDING to a report published in a leading Bangla daily, four State-owned banks (SoBs) including Sonali, Agrani, Janata and Rupali have piled up bad loans to the tune of Tk 5,867 crore. How is it that the management of these banks have not initiated steps to recover this massive amount? We understand that some of the defaulting institutions are either closed or the owners are on the run and some have landed up in jail and here it gets interesting – cases apparently have been in progress for as long as ten years against some of the defaulters. However, it merely goes to show the loan default culture is very much alive and kicking in SoBs and we have learnt nothing from the massive financial scandals that rocked our financial system a few years ago.

The “go slow” policy for loan recovery is perhaps best exemplified by the fact that Agrani Bank has 10 defaulters owing the bank Tk 766 crore and a paltry Tk 500,000 has been recovered as of December last year. This is a clear cut example of the management style of SoBs where the public’s deposits are treated with triviality and loans are given out to defaulting parties without following prudent verification methods.

How long are we going to witness the deliberate bleeding of SoBs to profit unscrupulous business entities which know full well that they can get away by not repaying banks? Has the time not arrived for such banks to take tougher measures like the confiscation of property and their sale to recover some of the money owed?

## Another child beaten to death

### The system must protect our children

THE barbaric killing of 12-year-old Alauddin, a worker at a bakery in Lakshimpur, Noakhali, allegedly at the hands of his employer and co-workers, leaves us feeling helpless and angry. The child was beaten mercilessly because he had been coming late to work. The murderers hung his body from the ceiling and left the scene, locking the bakery from the outside. Such an appalling crime – again – against a child, reveals a growing sickness in society in which the most precious members, our children, are being assaulted and killed.

Alauddin’s cruel fate reminds us once again of Rajon and Rakib – how they were grotesquely tortured to death. It reveals the fact that children who are poor and compelled to work to survive, are often the most vulnerable and become prey to perverts and sadists. This is why we read about stories of child domestic workers being rescued (if they are lucky) but found with grievous injuries inflicted by their employers. Similarly children who work in factories or small establishments are at the mercy of their employers.

What is most disturbing is how these perpetrators are committing such heinous crimes with impunity. How can employers inflict such torture on children and think they can get away with it? It is something we as a society must address and put an end to. Law enforcers, no doubt, have the primary responsibility to arrest the suspects, thoroughly investigate the cases and take prompt measures to make sure the culprits get the punishment they deserve. In the case of child victims, the court should ensure speedy trials, legal aid and protection to the victims (if they have survived) and to their family members. We must put an end to this diabolical trend.

## LETTERS TO THE EDITOR

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PHOTO: AP

### Sadiq Khan: the new mayor of London

The victory of Labour lawmaker Sadiq Khan as the mayor of London is historic as he is the first Muslim mayor of a major European capital. The win is more appealing as it sends a strong message to those who spewed venom against the former human rights lawyer because of his faith. But Londoners have proved that they vote with a rationalistic mind.

Shajid Khan  
Tangla, Assam, India

### Stop being the henchmen of the government

In a democratic system, the opposition political parties play a very important role in strengthening democracy. But in our country, the main opposition party, Jatiya Party, hardly plays any role. In a bizarre arrangement, they are both part of the government and opposition at the same time. They should play the right role and stop being the henchmen of the government.

Md. Selim Reza  
Jahangirnagar University

# Winds of Change



KNOT SO TRUE

RUBANA HUQ

EVERY time I travel, I get acutely conscious of my habit of praying in public places. This time, I was stopped by security twice and I ended up joking with a Pakistani man. The man looked at me and asked, “I have been their favourite for years because of my last name Khan, but why you?” I responded, “Well, they are just beginning to get fond of me.” While we exchanged pleasantries, a Swedish man, the third victim, looked at us and asked, “But why me? I am white and a devout Christian”. Khan and I chimed in at the same time and said: “Racial balance, you know.” The absurdities of our times are hitting us hard now. When people like me travel, lagging suitcases filled with products, trying to make fresh contacts, making better impressions and pitching business, the next moment often looks treacherously unclear.

After three years, the Rana Plaza memory lives on and haunts suppliers, buyers and unions. The direction of our business needs to be clear at a time when most of us are investing in new factories, remediating at huge costs, when the rest of the world is also getting to look more and more attractive by the minute. A quick tour of the global manufacturing will possibly shed more light on the subject.

Chinese clothing exports in January and February 2016 dropped 11.8 percent year-on-year to CNY157.05billion (US\$ 24.1billion), and textile exports fell 9.3 percent to CNY100.5 billion (US\$15.4 billion). Chinese manufacturers are shifting their manufacturing bases to Vietnam, Turkey, Cambodia and even Myanmar. This is just to lower costs. Apparently, the average salary in Cambodia is only one-fifth of what it is in China. Workers in Southeast Asia are skilled enough to challenge the Chinese workers. At the cost of paying low salaries, most of the Chinese exporters are providing “good service” to brands and claim to excel in work ethics and efficiency.

Similarly, Myanmar’s low wage garment sector is all set for fast growth. The country, for the first time has democratically elected its government after almost half a century. Reforms have

been pledged so that Myanmar is more “saleable” as a country in line with the “highest international standards”, according to the current ruling party, the National League for Democracy (NLD). While the Americans may still renew its sanctions against Myanmar under the International Emergency Economic Powers Act (IEEPA) in May, the Europeans are as enthusiastic as possible as they lead their project of SMART Myanmar, an initiative that is funded by the European Union. As women run 90 percent of the readymade garment industry, as minimum wage has just been revised to US\$2.97 per day, Myanmar is all set to look good and the old tales of child labour are now forgotten.

Bangladeshi manufacturers are often advised to invest in Africa, just because of the export to the US benefiting through the African Growth and Opportunity Act (AGOA) and to the EU through the EPA [Economic Partnership Agreement]. African manufacturers, I am told, are not

shy of small quantities of orders and lead time is also not a problem for them. While RMG is not even a thrust sector in Bangladesh, Kenya has undertaken the Kenya Industrial Transformation Programme (KITP), launched last September (2015), through which the textile and clothing sector as a whole will have the critical attention of the government. New special economic zones are being built there with the promise of land, a shared wastewater management facility, along with energy subsidies from the government. Mauritius is also growing. For 2016, it is forecasting an increase of 5.37 percent.

But spring is not far behind for us in Bangladesh. McKinsey announced in their 2015 report that China’s dominance of global apparel manufacturing is undergoing change, with many brands forecasting decreasing orders to China. Many buyers are even considering Indonesia to be their hub, as many South Korean companies have offices in the US, and factories in Indonesia and Vietnam.

In the 2015 McKinsey survey, Bangladesh topped as one of the “up-and-coming” sourcing locations, with Vietnam, India, Myanmar and Turkey while Ethiopia is being counted in the top ten for the first time. With positive pressures on the factories in Bangladesh to remediate, brands may just look at Bangladesh as a source which balances compliance, cost and capacity.

Where do we go from here? I have been travelling and visiting customers for the last two weeks. During my cab, train and airplane rides, I have been praying publicly. With the barometer of business uncertainties rising, I need God more than ever in order to justify our recent, fresh investments in a business that seems to be cursed with accusations of apparent incorrectness and injustice. In spite of all my fears, the winds may just be changing in our favour as well. Almost all the brands are expressing interest in sourcing better value added products from Bangladesh. Instead of just looking at the basics that jump off our packed suitcases, most of them are taking an active interest in our samples that look mature.

Till date, out of the top 35 products that Bangladesh supplies to the world, it exports almost 5.7 billion dollars worth of t-shirts, trousers worth \$6.8 billion, shirts worth \$1.6 billion and pullovers worth \$4.2 billion, while the maximum value added items namely jackets, suits, women’s dresses are all around \$125 million in each product category. Therefore, while we travel, we gather hope when buyers choose more critical styles, giving us an opportunity to attempt for the better. At the same time, along with the improvement in areas of compliance and wage, brands are also getting ready to give Bangladesh a second chance to gain back the trust that it completely lost three years ago. It is perhaps Bangladesh’s turn to negotiate for better products, better prices and in turn, demanding more respect for an industry which has turned around in spite of the world having anticipated a total collapse.

So we go on. As I near the end of my trip after my last meeting tomorrow, I realise that I have given up on being a discreet Muslim. I have started chanting prayers in public, showering the train bogey, the plane seats and the cabbies with my “phoos”. After all, we are all living in dangerous times, aren’t we?

The writer is Managing Director, Mohammadi Group.



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## PROJECT ■ SYNDICATE

# Why Corruption Matters

WILLIAM J. BURNS and MIKE MULLEN

POPE Francis has called corruption “the gangrene of a people.” US Secretary of State John Kerry has labelled it a “radicaliser,” because it “destroys faith in legitimate authority.” And British Prime Minister David Cameron has described it as “one of the greatest enemies of progress in our time.”

Corruption, put simply, is the abuse of public office for personal gain. As leaders increasingly recognise, it is a menace to development, human dignity, and global security. At the Anti-Corruption Summit in London on May 12, world leaders – together with representatives from business and civil society – will have a critical opportunity to act on this recognition.

Corruption is decied across cultures and throughout history. It has existed as long as government has; but, like other crimes, it has grown increasingly sophisticated over the last several decades, with devastating effects on the wellbeing and dignity of countless innocent citizens.

For starters, corruption cripples prospects for development. When, say, public-procurement fraud is rampant, or royalties for natural resources are stolen at the source, or the private sector is monopolised by a narrow network of cronies, populations are unable to realise their potential.

But corruption also has another, less-recognised impact. As citizens watch their leaders enrich themselves at the expense of the population, they become increasingly frustrated and angry – sentiments that can lead to civil unrest and violent conflict.

Many current international security crises are rooted in this dynamic. Indignation at the highhanded behavior of a corrupt police officer helped to drive a Tunisian fruit seller to set himself on fire in 2010, touching off revolutions across the Arab world. Protesters demanded that specific ministers be arrested and put on trial, and they called for the return of pilfered assets – demands that were rarely met.

In places where government officials enjoy (and often flaunt) their enrichment and impunity, extremist movements – including the Taliban, Boko Haram, and the Islamic State – exploit citizens’ outrage. The only way to restore public integrity, these groups assert, is by means of a rigidly applied code of personal conduct. With no viable recourse – and no avenue for peaceful appeal – such language has grown increasingly persuasive.

It is clear that corruption must be combated. What is less clear is how to do it. In a world of competing demands, corrupt governments may seem to serve vital purposes. One deploys soldiers to the fight

against terrorism; another provides critical energy supplies or access to raw materials. Leaders must inevitably contend with difficult tradeoffs.

To determine the best approach in each specific case, governments must analyse the problem more effectively, which means improving the collection of intelligence and data. As security expert Sarah Chayes argues in *Against Corruption*, the volume of essays that the British government will publish to accompany the summit, corruption today is structured practice. It is the work of sophisticated networks, not unlike organised crime (with which corrupt agents are often integrated). Governments must study these activities and their consequences the same way they study transnational criminal or terrorist organisations.

Armed with such assessments, donor countries must structure assistance in a way that mitigates corruption risks. Military or development assistance is not apolitical. Programmes must be tailored to ensure that funds are not captured by kleptocratic elites. This means that anti-corruption efforts can no longer be shunted off to under-resourced specialists; they must be central to the planning of major development initiatives or the sale of costly weapons systems. Recipient governments must understand that funding will dry up if they continue to squander or steal it.

In fact, corruption and its implications must inform the way Western officials interact with their counterparts in the developing world. The departments that we spent our careers serving – the US State Department and the US Department of Defence – set great store by building relationships. Diplomats depend on these relationships to advance their national interests, and professional ties between military officers are sometimes the only channels that weather political storms. But diplomats and military brass alike should be willing to take a step back when appropriate, condition their interactions, and make use of available leverage – even at the risk of a counterpart’s wrath.

But, as recent revelations about purveyors of shell companies or bribery by intermediaries demonstrate, much of the real leverage is to be found at home – in the domestic financial and property industries, in public relations and law firms that burnish kleptocrats’ images, and in universities that educate corrupt officials’ children and solicit their donations. The application of the US Racketeer Influenced and Corrupt Organisations (RICO) Act to indict officers of FIFA, soccer’s international governing body, shows how focusing on western service providers can curb corruption among

foreign officials.

Another important tool in the fight against corruption will be technological innovation, which can reduce opportunities for wrongdoing, empower citizens to highlight illegal practices, and enhance government transparency and accountability. Strides have already been made in a number of areas, from electronic voter registration to electronic payments for civil servants. While technology is no panacea, when paired with wise policy reforms, it can make a meaningful contribution to the fight for good governance.

None of these suggestions will be easy to

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implement. But, to address many of the crises currently besetting the world, a strong focus on combating corruption is vital. Our hope is that the upcoming conference in London demonstrates the unity of purpose and commitment to action that is so badly needed.

William J. Burns, former US Deputy Secretary of State, is President of the Carnegie Endowment for International Peace. Admiral Mike Mullen was Chairman of the US Joint Chiefs of Staff.  
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