

# CALL IT CRONYISM

ERESH OMAR JAMAL



When each and every sector of our economy and government is infesting with such corruption, can one be too positive about the privatising schemes that the government is proposing? Who is to say that they will not benefit special interests? For now, although the government, in reality, never bothers to explain itself to the public for what is going on in state-owned companies, at the very least, these companies are still, on paper, legally owned by the public. The only thing privatising them will do now is do away with even that.

The government is devising ways to offload state-owned companies' shares according to a new *Daily Star* report (March 17, 2017). According to another report, it is also considering the privatisation of loss making state-run banks that have wrecked havoc in the country's economy, much of the effects of which, we are yet to fully experience because of the 'time-lag effect' (*The Daily Star*, March 20, 2017).

State-owned companies whose shares the government is trying to sell include gas and power companies and is meant to raise funds from the capital market. Meanwhile, it is contemplating the privatisation of state-owned banks as they continue to be in shambles. This is because despite the repeated bailouts the government has given them (for giving out dubious loans, i.e., corruption) using taxpayer's money against their own will. Which means that in spite of what the government had said, the bailouts proved as effective as providing blood transfusions to a corpse — a total waste of taxpayers' money (as everyone opposing them said they would).

In regards to offloading shares of state-owned companies, it is important to mention that privatisation does not always lead to greater efficiency and should be considered 'an option' to the many public sector ailments rather than 'the one' (particularly without considering other alternatives).

A perfect example of privatisation gone wrong is that which took place under Margaret Thatcher in Britain, where nationalised companies were operating inefficiently and had to have their losses covered by the government like the banks' losses today. The results of privatisation, however, were not as promised by the Thatcher government.

Michael Hudson, a research professor of Economics at University of Missouri, Kansas City, and a research associate at the Levy Economics Institute of Bard College, had this to say: "Prices did not decline proportionally to cost cuts and productivity gains. Many services were cut back, especially on the least utilised transport routes. The largest privatised bus company was charged with cut-throat monopoly practices. The water system broke down, while consumer charges leapt. Electricity prices were shifted against residential consumers in favour of large industrial users. Economic inequality widened as the industrial labour force shrunk by two million from 1979 to 1997, while wages stagnated in the face of soaring profits for the privatised companies. The tax cuts financed by their selloff turned out to benefit mainly the rich" (Let us glory in our inequality, April 8, 2013).

So, the eventual outcome of privatisation in Britain was the same as that of bailing banks out here (and throughout the world) — benefitting

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mainly the rich'.

Surely though, that is not why the government had bailed out banks, and let the 'professionals' who had made 'amateurish' mistakes — like failing to do their due diligence — get off scot-free, is it?

Well, if not, how else can you explain its actions when even the finance minister had said that the loans scams were like *dacoity* (robbery)? What was the logic behind bailing banks out for abetting robbery, by failing to do their required due diligence — their job?

The answer is quite simple. You cannot. Because even the government could not have been incompetent enough to not know that bailing banks out would not yield any positive results (as has been the case all across the world), which indicates that the only reason for them was to simply prop up the banks, while those responsible for the *dacoity* were bought enough time to make their quick getaways.

When each and every sector of our economy and government is infesting with such corruption, can one be too positive about the privatising schemes that the government is proposing? Who is to say that they will not benefit special interests? For now, although the government, in reality, never bothers to explain itself to the public for what is going on in state-owned companies, at the very least, these companies are still, on paper, legally owned by the public. The only thing privatising them will do now is do away with even that.

For those going, "isn't privatising them more in line with the concept of free market?" My answer is, "not necessarily". The concept of the free market is all well and good (in my opinion the best and only workable long-term economic model). But the greatest threat to the free market in our modern world is 'cronyism' disguised as 'free market', which then encourages people (who don't really bother to study economics or its history) to criticise the free market, rather than the cronyism itself.

For example, had corruption and outright robbery been prevented (or those responsible held accountable) in the banking sector, the government would not need to offload shares of state-owned companies to raise funds. And who paid for that? The general public (minus special interests). Whose ownership in state-owned companies will now be reduced? The general public (minus special interests).

And who is responsible for the public losing out both times? Not the market, but the government (state socialism anyone?). Why do financial commentators keep blaming the free market then? Option 1: They are lazy and don't understand finance or economics; Option 2: They are bought and paid for by the government and/or special interests. You pick.

*Ersh Omar Jamal is a member of the Editorial team at The Daily Star.*

## CITY

For 24-year-old Anika Ibnat, finding a safe space to call home, like many single women in Dhaka city, has been a struggle. After completing her post-graduation from a university in Rajshahi, Ibnat came to her cousin's house at Motijheel to look for a job. Although she managed to find one with an NGO, within the first month, she realised that she had become a burden to her uncle. At one point, she decided to move elsewhere, and started looking for accommodation in the city. But for Ibnat, it was not easy to find a roof to live under.

authorities assured her that it is equipped with modern facilities, her experience was quite the opposite. Unhygienic-unhealthy food and cramped spaces shared by too many other boarders forced her to leave the hostel eventually.

Ibnat's story is not a rare one. According to a 2012 report of University Grants Commission (UGC), every year around three million students from public and private universities complete their undergraduate and postgraduate degrees and a total of 40 percent of them are women. Of them, a large portion

accommodate only 886 working women, and this is why the boarders have to face intense competition for rooms. But most of the working women who applied in these hostels claim that there is a trend of recommendation from the 'big guns', especially when it comes to Nilkhet hostel. When contacted, Sabekun Nahar, the hostel superintendent of Nilkhet Working Women Hostel, said that the allegation is partially true. "I am not denying it, but again the allegation is not entirely true. There are many boarders who applied following legal procedures," she states.

This is why I end up paying double for my food," claims Tania.

The hostel authorities don't even allow them to own general electrical equipment. "For example, I need to iron my clothes on a regular basis for office, since I cannot afford the extra pennies for laundry," says 26-year-old Mabi Mir, one of Tania's roommates. "Also, a single ceiling fan is not enough to keep a room cool in the summer. In that case, if we use a table fan, we have to pay an extra Tk 200 fee. If we are caught keeping items like a laptop or even a small water heater, they are inevitably seized and never returned," explains Mabi.

To avoid such problems, women who can afford to spend more money depend on sublets. But this is not easy either as many landlords are reluctant to rent their rooms to single women. 27-year-old



PHOTO: ZYMA ISLAM

These private hostels have no rational policy for its boarders. Most of them only have enough space for a single bed, a table and a small shelf, and the quality of food is poor.

Bhoni Shikha, a broadcast journalist of a private television, informs that sometimes the drunk son of her landlord knocks on her door late at night. Shikha doesn't want to reveal her original name since she is a well-known media personality and frequently appears on television. "Since I work for television and I have no fixed working hours, my landlord takes it the wrong way. Sometimes if I am required to come home late at night by the transportation provided by my office, my landlord refuses to understand, and interprets something completely negative," she states.

In the last few years, more and more women are moving away from their home and Dhaka is experiencing a boom in the number of working women hostel boom. Getting settled in a new place is already quite nerve racking, but this list of unreasonable and sometimes unwritten code of conduct that the boarders are required to follow, make their experience even more difficult. In this moment of crisis, especially when it comes to accommodation for working women, the authorities should extend their services so that they are able to live under a roof without having to face so much hassle. At the same time, it is high time that they develop a policy for private hostels and monitor them accordingly, in order to decrease such ill practices. ■

## IN SEARCH OF HOME

NILIMA JAHAN

"I was hoping for a seat at the government-owned Nilkhet Working Women Hostel. But to my surprise, one of my colleagues, who previously lived there, informed me that I shouldn't even think of getting a room there without the recommendation of an influential person (for instance, a minister or secretary, etc). Also, the whole process takes a period of at least six to seven months," says Ibnat. "Since I had no such contacts and I was quite desperate to get a place, I couldn't wait that long, and finally gave up the option," she adds.

However, Ibnat managed a seat in a shared room, with five other roommates at a private hostel in Farmgate. She promised to pay a monthly price of Tk 5,000. But for her, living in such a hostel was a terrible experience, since the hostel failed to provide a decent environment for her to live in. Though the hostel

comes to Dhaka from different areas of the country to earn a living, and they have no reliable place to live in. They are therefore bound to live in hostels, sublets, or sometimes messes. The Labour Force Survey 2010 of Bangladesh Bureau of Statistics also shows that in Dhaka, there is an economically active population of some 41 lakhs, aged 15 years and above, and of them, about 12 lakh are women. Unfortunately, just as the mobility of women has increased to a great extent, so have their woes, especially when it comes to the issue of accommodation.

To ensure a safe living place for this large number of working women within a reasonable cost, the government has only three hostel services in Dhaka—Nilkhet Working Women Hostel, Nawab Faizunnesa Working Women Hostel in Mirpur, and Begum Rokeya Working Women Hostel in Khilgaon. According to the Department of Women Affairs, these three hostels can

However, women who cannot manage a seat in a government hostel are bound to stay at private hostels, which are practically uninhabitable. These private hostels have no rational policy for its boarders. Most of them only have enough space for a single bed, a table and a small shelf, and the quality of food is poor. It is also very common for a small room to be divided with hardboard partition to make smaller single rooms which are more profitable than the combined one. For 15-20 women, there is only one bathroom. Since most of the balconies are also rented out with single beds, the boarders end up drying their clothes inside the rooms. Apart from these, utility service interruption, bed bug infestation, frequent rent hikes, and absence of guest room facilities are very common.

29-year-old Tania Akter, an engineer who works at a private organisation, and has been living in a hostel at West Tejuri Bazar of Tejgaon for the past five years, informs that in spite of facing so many problems, she is helpless and cannot do anything. "Since I am not accustomed to the food they provide, and there is no arrangement for cooking as well, most of the time, I have to depend on take-out.