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FOUNDER EDITOR
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Shipbreaking continues to pollute

Impunity accorded by lax oversight

FIRST it was toxic materials in the ships, hauled to the breaking yard for scrapping, which posed hazard to the environment as well as to the workers and people living in the surrounding areas. Now we have to contend with the shipbreaking yards disgorging burnt oil of the dismantled ships into the Bay of Bengal. And this is happening in the country's largest shipbreaking complex in Sitakunda. It is no wonder that the recent study carried out by the Marine Department of Chittagong University shows that the biodiversity of Sitakunda is poorer than that of the other areas surrounding it.

The reported statement of the director of the Chittagong Department of Environment (DoE), that the department has not received any complaint regarding the dumping is quite puzzling. We wonder who is going to inform him about the pollution. The polluters? We understand he has his inspectors to exercise watch over these establishments. And they are certainly not doing their duty if he doesn't know that one of his areas of watch is being severely polluted by the errant shipbreaking yard owners.

Admittedly, the shipbreaking industry is of considerable relevance to our economy, and it poses both opportunities and challenges. But the opportunities have been exploited while meeting the demand for raw material for our steel mills. While laws exist to protect the coastal belt and regulate the industry, which has mushroomed over the last decade, the oversight appears to be extremely loose. Deliberate breach of the laws by the owners in cahoots with some unscrupulous officials compounds the problem. Our coastal belt management must be strengthened and the local DoE officials must deal strictly and promptly with the violators.

Majority boat migrants Bangladeshis!

Address the causes, plug the holes

IN the midst of so much chaos in so many places of the world mostly responsible for driving the European refugee crisis, Bangladesh is now the single largest origin of migrants arriving in Europe. Whereas the biggest sources of migrants previously were war-torn countries like Syria, Afghanistan and others, Bangladesh has, in 2017, shockingly overtaken them all. This, according to a report compiled by *The Independent*, UK.

Aspiring migrants are reportedly paying over USD 10,000 each to be taken from Dhaka to Dubai or Turkey and onwards to Libya from where they try to make their way into Europe, creating a field day for traffickers who are taking full advantage of the situation to squeeze out every last penny from the migrants. Working hand in gloves with traffickers are unscrupulous officials and others—creating together a powerful nexus—just as intent on exploiting migrants in the most horrific of ways.

Deceived by this powerful nexus, people are risking everything in search of greener pastures only to face further disappointments. And the most significant reason why, is the lack of economic opportunities at home. Why else would migrants spend such hefty sums and risk so much rather than invest their money here? The only logical explanation is that either they see no good prospects at home and are, hence, acting in desperation, or are too gullible to be lured by the recruiters.

To discourage people from acting in such desperation, more economic opportunities must be created at home. The government also needs to urgently crack down on this nexus between the unscrupulous agents and government officials, particularly at the only formal exit routes i.e. the airports.

The missing money



FAHMIDA KHATUN

ILLICIT cross-border financial flow is not uncommon. It happens in all countries. With globalisation it has become more complex. Recent increase in illicit financial flows (IFFs) has created concern in the development policy discourse around the world. The large amount of money that goes outside the country illegally could otherwise be used for financing development expenditures and social sectors.

The recent estimates of the Global Financial Integrity on IFFs to and from developing countries during 2005-2014 are another revelation on the extent of IFFs in Bangladesh. According to the report Bangladesh has lost an amount that ranges from USD 6 to 9 billion through trade misinvoicing and other unrecorded outflows. More disturbing is the fact that IFF is highest in Bangladesh among the least developed countries.

IFF is not a new phenomenon and we are not discussing the issue for the first time. However, with new information coming in every year we may dig down further to understand the reasons behind such outflows. IFFs can occur in developed countries even with a liberal capital account where foreign currency transfer is not so difficult. The source of the money may be related to drug trading or other illegal businesses. These countries attempt to address the problem through regulatory and high supervisory measures which are of course not foolproof.

The difficulty in stopping IFFs is due to the fact that the inherent nature of money is mobile which cannot be stopped by law. Funds will flow from one place to another as long as it creates more opportunities in terms of higher returns and more safety. This mobility cannot be stopped through the spirit of patriotism. The causes lie somewhere else.

First, the tax regime can play a role in keeping the money inside the country, particularly for investors. Absence of competitive tax discourages potential investors to reinvest their surplus in the country. Second, the political situation plays a very important role in the movement of resources from countries. In Bangladesh political uncertainty associated with political regime change always haunts people. But crony capitalism is not in favour of these changes. The love for hard currency abroad was also clear during the period of the caretaker government in 2007-08. People have become more cautious now. Illicit capital flight from Bangladesh saw a higher trend since 2007 following the political turmoil of the time. The high trend continues till now as they do not want to face the same situation following a regime change.

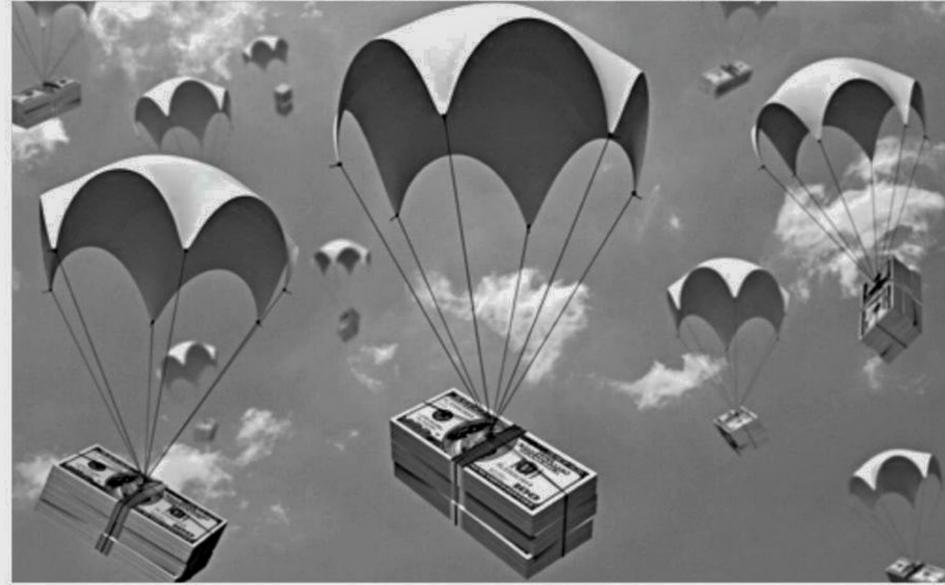
The high outflow also indicates people's preferences for a safer life outside the country. As the affordability of a large group of people has increased over time, they

purchase property abroad and send their children for higher studies overseas. In many cases mothers accompany the children. Many students, after completion of their studies, find jobs in developed countries and settle down. These Bangladeshis working abroad can legitimately open accounts in foreign banks and purchase property in those countries. There is no issue here. But many take money from Bangladesh to purchase property. How do they do that? The transferred money may not necessarily be ill-gotten or tax-dodged. But they find ways to transfer that out. The transaction cost of transferring the money may be high. So the tax arguments do not fully hold in such cases. Even if tax is reduced, these 'peace-loving' people will still continue to protect their money and their lives.

responsibility. International collaboration is essential for reducing IFFs. Many countries have now entered into tax information exchange regime to track financial flows. Better disclosure of income from various sources is necessary for such arrangements to work effectively.

In Bangladesh a number of laws exist to prevent financial crimes including IFFs. The Money Laundering Prevention Act, 2012 has expanded the types of reporting agencies required to report suspected transactions. The law has been made stricter and includes provision for fines and imprisonment. The Act was amended in 2015 through an ordinance.

Bangladesh Financial Intelligence Unit has been working under Bangladesh Bank. This unit can nominate other agencies including Anti-Corruption



Hence when we argue for flexibility of foreign exchange regime on account of medical treatment and higher education at a limited scale we have to ensure that these groups do not take advantage of such flexibilities. That is of course a challenging task given our capacity to oversee and monitor IFFs.

The problem of IFFs is indeed very difficult to address. As long as there is black money in the economy there will be continuous outflow of money from the country used to buy a second home in Malaysia or open an account in Swiss banks. Moreover, the receiving countries welcome resources, even though global watch on financial flows across border has increased. Thus the IFF-receiving countries also bear

Commission and the police to investigate money laundering cases. National Board of Revenue can probe cases involving customs and the Department of Narcotics Control has the authority to deal with drug-related cases.

These are significant initiatives indeed. The success of these initiatives is, however, still limited. The capacity of various organisations, particularly in case of data mining, analysis and forensic accounting, should be enhanced for better outcome. Capacity development and further digitisation are needed for more effective measures.

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Trump's eventful first 100 days in office



MAHMOOD HASAN

IN January this year Donald Trump was sworn in as the 45th President of the United States. Even before he entered the White House this wealthy businessman created one

controversy after another, which left liberal progressives in the US and leaders around the world rattled about what he would say or do next. His first 100 days in office have been littered with mess-ups. The world has witnessed with awe Trump's mannerisms, narcissism, demeanour, utterances, and unorthodox decisions. They wonder, who exactly is this man?

Trump is a salesman and says what his supporters want to hear whether it is true or not. In his attempt to "drain the swamp" he has surrounded himself with an inexperienced team of neo-con advisers such as Mike Pence, Steve Bannon, Reince Priebus, Lt Gen HR McMaster, Sean Spicer, etc. He has already destroyed parts of the federal government to maximise his powers. He has turned around the presidency from its conventional structure and seems to be on top of the job.

The most reckless thing Trump did was to make enemies with the media, calling major news channels "fake news". Except for one or two media outlets the mainstream media has become his sworn enemy. White House press secretary Sean Spicer has become a laughing stock for making all kinds of gaffes.

Second, he has to listen to the functionaries of the different departments and understand the ramifications of his decisions.

But given his disdain for the administration and his reliance on his partisan advisers he merrily signed 30 executive orders, 20 proclamations, 28 bills, and 28 presidential memoranda. He was twice snubbed by the courts for his executive orders on travel bans on Muslim countries. In another serious setback Trump's bill to repeal the Affordable Care Act (ACA) or Obamacare collapsed as majority of Republican Congressmen did not support it. But early this week the House of Representatives voted to replace Obamacare with a thin majority which is a big win for Trump. Now, Trump's tax reform bill faces uncertainty as there are no federal savings. His USD 1 trillion

America's ability in sorting out global issues. His bombing of Syria, the dropping of a massive bomb on Afghanistan, military operations in Yemen, threatening North Korea with nuclear attack, his love-hate remarks on NATO, etc., all bear testimony to the fact that he understands very little about world affairs.

As part of his 'America first' policy Trump walked out of the Trans-Pacific Partnership trade deal which indirectly was a boon for China. What is worrying for environmentalists is that Trump signed several executive orders including one to withdraw from the Clean Power Plan, which is contrary to the Paris climate accord. He believes that global warming and cooling of the planet is a natural phenomenon; thus there is no need to support the Paris Agreement.

His most important achievement has been to get Neil Gorsuch appointed as Supreme Court justice. That was achieved after the Senate bent the rule of filibustering and allowed confirmation of Gorsuch by a simple majority vote. The US Supreme Court, with a conservative majority, is likely to have lasting impact on future American administrations.

When it comes to Trump's relations with other world leaders, they are at best rocky. He has met with Israeli Prime Minister Benjamin Netanyahu, Japanese Prime Minister Shinzo Abe, Canadian Prime Minister Justin Trudeau, British Prime Minister Theresa May, Chinese President Xi Jinping, Egyptian President Abdel Fattah al-Sisi, German Chancellor Angela Merkel, Palestinian Authority President Mahmoud Abbas, and Australian Prime Minister Malcolm Turnbull. Not all the meetings were without disagreements. It was an insult to Trump when Mexico's President Enrique Peña Nieto cancelled his visit to Washington because the Trump administration wants to build a wall on the border with Mexico and tear up the NAFTA treaty.

Trump's current approval rating—at around 41 percent according to Gallup—is the lowest for any US president (*The Huffington Post*, April 20, 2017). Talking about the presidency, Trump told Reuters, "This is more work than in my previous life. I thought it would be easier." There is no question that Trump's temperament is not fit for the US presidency. Alas, for the next four years the world can only wait and see what this unpredictable man has in store for us.

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ILLUSTRATION: MAX FLEISHMAN

Psychologists who have studied Donald Trump's personality have identified a few traits. They classify him as a case of extroversion. Trump plays his extroversion role in an outgoing, exuberant, and socially dominant manner. He loves to interact with his supporters and has become a Twitter buff, using superlatives in almost everything he says. He is low in agreeableness, never seems to laugh, is arrogant and lacks empathy. His extroversion is always seeking big rewards but is very low on openness. No US president has been as overtly disagreeable as Donald Trump.

Trump has so far somersaulted on almost every policy he had announced during his campaign. Although he graduated from Wharton Business School his utterances reveal he is probably the least read person to have become president of the US. This appalling gap in his knowledge is reflected in his statements both on national and international issues.

Unfortunately, Trump probably has not yet learned that as president he does not have unlimited powers. First, to get things done his way he has to get the two other branches of the government on board – Congress and the judiciary.

infrastructure improvement plan also faces uncertainty as the national debt is expected to soar. Clearly, the deal-maker is not going anywhere with his deals.

One of the major defeats for Trump was the resignation of his national security adviser General Michael Flynn for his secret contact with the Russians before and after the November 2016 election. The dark shadow of Russian involvement in the presidential elections still looms ominously over Trump's presidency.

On international affairs Trump has shown utter lack of understanding of ground realities and the extent of

LETTERS TO THE EDITOR

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Polytechnic institutions needed

Bangladesh has seen commendable growth in the size of its educated workforce over the years. Yet it still lacks a sizable technically skilled workforce. The number of graduates in general education is increasing at a progressive rate. But while millions of them remain unemployed, a large number of industries in Bangladesh are operated by technically trained workers from abroad.

After the Second World War, Japan gave special emphasis nationwide on training short term technically skilled workers to create a trained that could rebuild the war-ravaged country. Gradually, Japan grew into a developed country. Bangladesh has huge prospects because of its largely young workforce. Technical education of these youngsters can help develop the country faster over the next 10-15 years. A technically educated workforce can also be exported abroad. The government has to come forward to make these things happen. Sunamganj, for instance, does not have a fully formed technical education institute. Setting up engineering and other technical educational programmes in the region would benefit it greatly.

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