

USA-China policy reset security concerns override economics

Injury Scheme for workers

A good initiative

THE PM's announcement of long-term and sustainable 'Employment Injury Scheme' to ensure better benefits and support for workers is a very welcome and farsighted move by the government. We are all too familiar about the woeful conditions of the workers in certain sectors, particularly the industrial sector workers, who work under extreme conditions without any concomitant benefits in case of injury, and even more so in case of permanent disability. The policy will be a great incentive, we are sure, for the workers.

We understand that the policy is still at the very nascent stage of formulation, and details are still being worked out; however, a few suggestions are in order. While we are sure that the government will be a partner in the scheme, the private sector employers must also be encouraged to see the benefits of such an arrangement and readily implement the scheme once that is formulated. Also, given the fact that in general, industrial work is inherently hazardous job, there is a case for bringing under the ambit of the proposed scheme also the informal sector that employs a large number of workers, in the most hazardous conditions, but are deprived from the benefits that the formal sector workers enjoy.

Injury Scheme we feel underwrites the very issue of workers safety. And in this regard the RMG sector has come under a structured oversight mechanism, although that was compelled by the Rana Plaza killings; similar arrangement needs to be put in place for other sectors, both formal and informal, to reduce the chances of injury and disability.

Toxic brick kilns damage crops

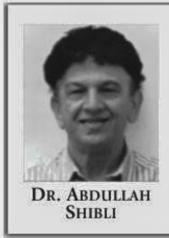
Relocate them and compensate farmers

TOXIC gas from brick kilns in Badalgachhi and Manda upazilas of Naogaon has damaged Irri-Boro paddy on 200 acres of land along with fruit orchards leaving farmers there with heavy losses. According to farmers, similar damage to their crops happened last year as well because of the brick kilns.

Brick kilns are hazardous to the environment in general. Apart from the damage they can cause to crops, they can also be deadly to the surrounding environment and human health. That is why it is particularly surprising as to why these brick kilns were located right in the middle of the surrounding farmlands, as there is no question whether crops can be damaged by the toxic gas they produce.

Yet, officials at the brick kilns in question have denied that they were responsible for the damage done to crops. Disappointingly, this is often the attitude of those associated with brick kilns across the country when the pollution their brick kilns produce are brought to the forefront. According to an agriculture officer at the Department of Agriculture Extension, however, who had visited the spot, the allegations made by the farmers were, indeed, true.

Under the circumstances, the authorities should force the brick kiln owners to compensate the farmers accordingly, after conducting a thorough investigation. Furthermore, if what the farmers have alleged is proved to be true beyond a doubt, the authorities should also make sure that these brick kilns are relocated to somewhere where they cannot cause such damages.



DR. ABDULLAH SHIBLI

DURING the last US presidential elections, candidate Donald Trump always had rather harsh words including warnings for China, particularly its economic policies. While China is one of America's largest trading partners, Trump called China a currency manipulator and blasted it for stealing US jobs. However, the tone has changed recently after the

trade deficit that has existed for many years between these two countries, restrictions placed on China's imports from the USA, and China's exchange rate policy. In 2016, US's trade deficit with China was USD 347 billion which is the largest with any of its trading partners. And candidate Trump had singled out China, fairly or unfairly, for all its economic problems including lack of jobs when he said, "China's de facto tariff on imported goods has cost the U.S. billions of dollars and millions of jobs." Donald Trump has been promising to declare China as a currency manipulator on day one of taking the

like many in the government and US financial industry, Trump learned that China could call its loans i.e., sell the bonds, and cause turmoil in Wall Street. More recently, the North Korean nuclear crisis flared up and President Trump found his back against the wall. He was advised that the biggest influence on the North Korean leadership was China with its various economic and military ties to the Kim regime. The current crisis, which was undoubtedly triggered by the US-South Korea joint exercise and exacerbated by North Korea's threat to strike the US mainland, has forced President Trump to come to

hand, Donald Trump's government is working on a number of fronts to bring back jobs: tax incentives, "arm twisting" US companies, and threat of "border taxes" on imports. On the other hand, various US companies are voluntarily moving some of their operations back to the homeland as cost of operations in China have also ticked up in recent years.

USA and China are nowadays more interested in forging a collaborative relationship, a "bromance" if you will, rather than calling names or threatening each other. US Commerce Secretary Wilbur Ross said the Chinese had expressed an interest in reducing China's trade surplus as a way of controlling its own inflation. "That's the first time I've heard them say that in a bilateral context," he said. Ross declined to comment on whether the United States was ready to designate China a currency manipulator and referred instead to an upcoming report in which that issue would be addressed.

I would be remiss if I leave out some other saner voices, both pro- and anti-China within and outside Trump's circle that are working behind the scenes. On April 10, Professor Jeffrey D. Sachs wrote in *The New York Times* that "Eurasia will win the trade game. Each accusation by Trump that is directed at the European Union or China has pushed these two giants towards each other in a warmer embrace". Others are cautioning Trump against letting up the pressure on China. Anthony Ruggiero, a senior fellow at the Washington-based Foundation for Defence of Democracies has cautioned Trump not to go too soft on China. He cautioned, "Chinese bank accounts are used to conduct business with North Korea and the US should force Chinese banks, many of which have multinational operations, to choose between aiding North Korea and accessing the US banking system." And finally, one of Trump's military commanders, Admiral Harry Harris, Commander of the U.S. Pacific Command (USPACOM), while welcoming China's role in influencing North Korea, also cautioned against cozying up too much with China. "While recent actions by Beijing are encouraging and welcome, the fact remains that China is as responsible for where North Korea is today as North Korea itself."

The writer is an economist and writes on public policy issues. His new book, "Economics and Policy in the Public Arena" will be published later this year.



US President Donald Trump and Chinese President Xi Jinping get down to talks at the Mar-a-Lago estate in West Palm Beach, Florida.

PHOTO: AFP

visit by China's President Xi Jinping to the USA. Many China watchers are keeping an eye on President Trump's next move with bated breath and wondering whether this reversal of policy is temporary, lasting only a few months before the tirades start again. Or, is it possible that US-China relations are progressing on a totally different path now that President Trump has got a little taste of power and become more knowledgeable about global politico-economic realities?

USA and China have grappled with many issues in recent years. The most economic important ones are the big

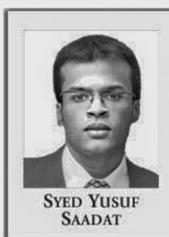
oath of office, but during the recent talks between Presidents Trump and Xi Jinping, "currency manipulation" never came up. What accounts for this about-face?

First of all, Donald Trump received two quick lessons after he moved in to the White House in January: one in economics and the other in geopolitics. The trade surplus that China rings up year after year is financed by Chinese loans to the US government. It buys US Treasury notes and is the second-largest lender to the U.S. government after Japan. As of February 2017, the U.S. debt to China was USD 1.059 trillion. And,

terms with the harshest lesson of all: US needs China to head off any confrontation with North Korea and bring North Korean leader Kim Jung Un's regime back to the negotiating table.

Thus, in an ironic twist of realpolitik, US officials are now courting China and gone are the days of Donald Trump's tweets on China's errant economic policies and ambitions in the South China Sea. USA has all but declared that any Executive Order on branding China as a "currency manipulator" is off the table. How about the ever growing trade deficit with China? Well, two things have happened in recent months. On the one

The threshold of inequality



SYED YUSUF SAADAT

THE subject of inequality is both interesting and important for a multitude of reasons. From a purely positive perspective, income inequality is a phenomenon which is inseparably linked to economic growth and economic development. Despite such a close association, it is often found that income inequality is either completely ignored, or not given sufficient attention, in the mainstream macroeconomic debates of economists and policymakers.

If we put on our normative glasses, then we shall see that the topic of inequality is intimately related to ideas of fairness and social justice. Since economics is a "social" science, economists cannot always afford to take refuge in their ivory tower abstract models and hide behind the thick curtains of technical jargon. Even if economists are accused of being renegades or revolutionaries, it is their moral obligation to raise their voice on issues that are of great concern to society as a whole. Inequality is undoubtedly such an issue.

In today's world, one does not need to be an economist or a researcher in order to see inequality. Inequality is everywhere. Bengali filmmaker Satyajit Ray understood inequality. His 1980 film, *Hirak Rajar Deshe* (The Kingdom of Diamond King) showed a fictional land of diamonds where the incredibly rich king maintained a stranglehold on the poor citizens through the use of force, physical torture and brainwashing. In more recent times, American author Suzanne Collins has brought inequality into the limelight through her novels in "The Hunger Games" trilogy. Collins shows us a world where certain classes of people live a life of unimaginable luxury, whilst the rest are compelled to struggle for basic survival. Despite being works of fiction, these stories provide us with a reflection of the state of affairs in the world today. Nowadays, the gulf between the rich and the poor is continuously widening. Some wonder whether these changes will lead to some kind of

socioeconomic shock, just like the shifting plates of the earth often lead to an earthquake or tsunami.

If we look at the data, we can easily observe that the level of inequality today is unbelievably high. The incomes of the poorest 10 percent of people increased by less than USD 3 a year between 1988 and 2011, while the incomes of the richest 1 percent increased by 182 times as much. In the US, recent research by economist Thomas Piketty shows that over the last 30 years the growth in the incomes of the bottom 50 percent has been zero, whereas incomes of the top 1 percent have grown by 300 percent. In Vietnam, the country's richest man earns more in a day than the poorest person earns in 10 years. A FTSE-100 CEO earns as much in a year as 10,000 people working in garment factories in Bangladesh.

In the fourth century BC, Aristotle talked about inequality in his work "Politics". Like most other Greek philosophers, Aristotle condemned acquisitive behaviour in the strongest terms. He believed in the pursuit of knowledge and justice, rather than the quest for material possessions. Ironically, Aristotle supported the ownership of private property, which is in itself the result of acquisitive behaviour. Under the existence of private property, some level of accumulation of wealth is inevitable and, subsequently, some inequality is unavoidable. Aristotle was aware of this issue.

Aristotle recognised that equality was a prerequisite for social justice, whilst inequality was a precursor for social unrest. He warned that "inequality is a cause of revolution" and that "the greatest crimes are caused by excess". However, Aristotle identified three major problems of economic equality. First, he mentioned that economic equality was difficult to achieve in practice and any attempts to equalise the economic power of individuals would be imperfect. Merely equalising incomes would be insufficient since wealth was also owned in terms of land, slaves and other assets. Secondly, he observed that economic equality would be unstable since human wants were unlimited. Even if economic equality were to be achieved by some means, it would not last for too long since "the avarice of mankind is insatiable" and "men always want more and more without end".

Finally, Aristotle argued that economic equality would in essence be unfair. Redistributing income and wealth invariably involves a transfer from the rich to the poor. Aristotle believed that such redistribution would be unfair and may even incite social tension. Thus Aristotle nullified the notion of economic equality on the grounds that it is imperfect, unstable and unfair. He advocated that the government should not aim to equalise income or wealth, but rather should aim for moderation in the distribution of income and wealth.

The 18th century Swiss philosopher Jean Jacques Rousseau believed that

of living. Rousseau advocated that the most durable cause of income inequality was human ego centricism and vanity. According to Rousseau, private property, and the inequality that it creates, is responsible for a multitude of social problems. Thus in this regard, Rousseau's words echo the voice of Aristotle, who also believed that inequality was one of the reasons behind the problems of society.

Studies have suggested that income inequality is not natural, and that it is not in our nature to accept income inequality. The distribution of income is an issue which is too important to be studied simply by economists; it is of



ILLUSTRATION: KEN ORVIDAS

nature had ordained equality among men and it was man himself who created inequality. In his "Discourse on Inequality", Rousseau argues that the genesis of income inequality is in the ownership of private property.

Rousseau was not a communist. He did not believe that property should be collectivised. Rousseau recognised that the market economy improved people's standard of living. However, he also pointed out that it led to income inequality amongst people. Rousseau was not very comfortable with this reality and was very unwilling to trade off income inequality in favour of standard

interest to everyone in every field. Throughout history, inequality has either been renounced as a vice or revered as a virtue. The endless debate on income inequality has often been fought from these ideological perspectives. However, as the discourse has progressed it has become more and more obvious that the fundamental stumbling block is the degree of inequality, rather than inequality itself. Thus the real question in the inequality debate is how much income inequality is the best for society.

The writer is Economics and English Language Teacher, Mastermind School.

LETTERS TO THE EDITOR

letters@thedailystar.net

Tussle between govt. and judicial system

The recent spate of criticism by the Chief Justice against the government has shed light on the disagreement between these two important organs of the state.

We appreciate the courage with which the Chief Justice has spoken out in various public and private forums about the plight of the country's judicial system. According to him, politicians tend to interfere in judicial matters every now and then. The judicial system needs to work independently of any political interference in order to run smoothly. This serious allegation of political interference made by the head of the country's highest court needs to be addressed immediately.

A.K.M. Ehsanul Haque
 Dhaka

Harijans are humans too

The news item captioned "As Harijans take meal" published on May 10 by *The Daily Star* caught my attention. Firstly, I would like to applaud Mr. Sajebur Rahman, UNO of Khanshama, Dinajpur to allow the Harijan people to eat at the restaurant on May 1. It is unfortunate that this act of kindness forced the eatery owners to shut down due to customers boycotting the restaurant.

Even if the society is divided by caste, creed and religion, we should above all respect humanity. One class of individuals has no right to hate another group of people, and decry them as participants of the society. Local administration, political leaders and social workers should look into this matter.

Azmal Nil
 By email