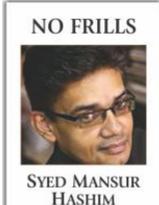


Troubled times for the leather industry



NO FRILLS
 SYED MANSUR HASHIM

ACCUSATIONS and counter accusations between the leather industry and authorities continue about the state of infrastructure in the Savar Tannery

Estate. With Eid-ul-Azha a mere month away, the fact that the central effluent treatment plant (CETP) is a long way from being fully operational is going to have a detrimental effect on the sector. The Chinese company contracted to work on the CETP has apparently asked for a further four months to complete the work. It is not just the environmental decay of the Dhaleshwari River that is being witnessed here. Reports have also emerged that only 20 out of 155 factories at the Estate have received gas connections for factory operations since tanners moved there from Hazaribagh.

One doesn't know what will become of the estimated four million raw hides and skins that will require to be preserved. The Ministry of Commerce has apparently paved the way for 0.5 million metric tonnes of salt to be imported but there is concern that it may not arrive in time. There is also the question of lack of adequate water supply to production units, where only a third of units have received access to water. We are baffled as to how so many prerequisites, ranging from the preservation of hides to the production of leather, were left in such a state of disarray in the leather estate when moving tanners to the new estate.

It is easy to point the finger at the tannery industry for the destruction of the environment but the setting up of key infrastructure is the responsibility of authorities. The CETP, gas connections, making available raw materials for preserving cattle hide—these and others fall under the purview of the various ministries and utility companies. It must be remembered that the leather industry



The under-construction Central Effluent Treatment Plant at Savar Tannery Industrial Estate in Hemayetpur of Savar.

represents the second largest export sector in the country after readymade apparels. That Bangladesh earned USD 1.16 billion in leather goods and footwear in fiscal 2015–2016 is largely centred on the industry being able to process raw hides around Eid-ul-Azha. This year, it is highly suspect that tanners will be able to do that given the state of an incomplete tannery estate.

The relocation process itself was painful for the industry. When authorities snapped utility connections to factories in Hazaribagh for 19 days, the tanners apparently suffered a loss of Tk15 billion. The strong arm tactic was supported by us in the media on the premise that factories were refusing to relocate. We were under the illusion that the Savar Estate was all but ready and it was the stubbornness of the tanners that was standing in the way of relocation. Only now has it become apparent that things are hardly as rosy as painted by authorities. Have we, in effect, shifted the pollution from one river to another,

i.e. from Buriganga to the Dhaleshwari? Today, as things stand, the tanners' association is justified in their demands for the setting up of CETP, Chrome Recover Units and Dumping Yard at the estate and of course the demand for utility connections that include power and water.

As reported by Bangla daily *Prothom Alo* on April 28, 2017, we wonder why there is inaction by authorities despite a High Court directive three months ago to provide gas connections within 15 days of factories moving to the Savar Tannery Estate. The war of words between the utility provider and the tanners has been going on over this period about which party is to blame about getting infrastructure in place to receive gas connections, and the clock keeps ticking. While policymakers have earmarked the leather industry to earn USD 5 billion by 2021, the present state of getting the industrial estate in full running condition is far from satisfactory. There

is talk of a government roadmap to make the industry eco-friendly and that journey is to begin at Savar. Given our experience of facilities being made ready to get the industrial estate up and running, the "eco-friendly" aspect is some way off. For starters, precisely when will the infrastructure be ready? Even if the salt arrives on time for the preservation process, how are the industrial units supposed to operate their plants without gas connections? Will adequate water supply be made available? Those factories that have gas connection will probably be able to meet their orders, but what about the rest? These are all valid questions and we are a month away from Eid-ul-Azha. Exports in the current fiscal will likely be hit hard and this time the onus will be squarely on the shoulders of authorities for a failure to plan and make operational the industrial estate on time.

Syed Mansur Hashim is Assistant Editor, *The Daily Star*.

Separation of power imperative

Remove all impediments to it

WE are surprised and concerned at the chief justice's comment on the draft rules determining the discipline of lower court judges. That a draft, having taken 22 extensions, reportedly, should be summarily dismissed by the chief justice speaks volumes about the government's lack of seriousness to put into effect a matter on which both the Constitution and Supreme Court have clearly stated. This also indicates the government's reluctance to relinquish control of the judiciary, something that augurs badly in terms of the separation of power, rule of law and good governance. According to the chief justice, there has been a complete u-turn in proceedings which is not a good sign.

It seems that a "game" is being played regarding the separation of the judiciary, and, as the chief justice's outright dismissal also shows, the lacunas in the draft were deliberately placed to prolong its finalisation. A Supreme Court ruling from way back in 1999 mentioned that "the constitution provided a framework for judicial independence" that was implemented in 2007 by the then caretaker government, which could not be implemented owing to absence of ground rules that the government has since then failed to finalise in spite of several directives from the apex court to do so.

Continued executive control over the judiciary is bound to give scope for miscarriage of justice, which is why separation of power is so imperative, and such were our hopes when we heard the law minister say that progress had been made to that end.

The foot-dragging over resolving the matter is very short-sighted and will only do more harm to the prospects of good governance and rule of law than good. Moreover, the protracted process of finalising the document is in contradiction to the government's position of restoring the original character of the Constitution.

The suggestion of the chief justice to discuss the matter with the law ministry is timely, which the ministry should use to put up any misgivings it might have and leave it to the wisdom of the Supreme Court to address it.

Militants on bail untraceable

An alarming development

ACCORDING to a report by *The Daily Star* on Monday, the law enforcement agencies have no information regarding the whereabouts of over 500 suspected militants, who got out of jail after securing bail in the last few years. Although the authorities are confident the situation is under control, thanks to increased security measures in recent months, the disclosure is quite unsettling. The prospect that these individuals could indulge in harmful activities is alarming.

Two things strike us as we think of the development: first, how could such a large number of potentially dangerous people secure bail even though there are legal safeguards in place to prevent the likelihood of an absconson or repetition of a crime. Secondly, it questions the capacity of the police to keep track of the bail jumpers—suspected militants, no less—and present them before a court when they are needed for trial. Overall, the Monday disclosure bespeaks a security situation that remains as questionable as before, despite what the authorities say to convince us.

Fighting militancy is a tricky job and it doesn't end with the arrest of a militant. Prosecution is an important part of the process and the law enforcement officials are duty-bound to make sure that those accused of terrorist activities are kept under watch throughout the trial process. So while it is imperative that police launch drives to arrest those individuals on an urgent basis, it is equally important that they remain cautious to keep track of those on bail to prevent the likelihood of a crime.

PROJECT SYNDICATE

Why tax cuts for the rich solve nothing



BUSINESS & FINANCE
 JOSEPH E. STIGLITZ

ALTHOUGH America's right-wing plutocrats may disagree about how to rank the country's major problems—for example, inequality, slow growth, low

productivity, opioid addiction, poor schools, and deteriorating infrastructure—the solution is always the same: lower taxes and deregulation, to "incentivise" investors and "free up" the economy. President Donald Trump is counting on this package to make America great again.

It won't, because it never has. When President Ronald Reagan tried it in the 1980s, he claimed that tax revenues would rise. Instead, growth slowed, tax revenues fell, and workers suffered. The big winners in relative terms were corporations and the rich, who benefited from dramatically reduced tax rates.

Trump has yet to advance a specific tax proposal. But, unlike his administration's approach to health-care legislation, lack of transparency will not help him. While many of the 32 million people projected to lose health insurance under the current proposal don't yet know what's coming, that is not true of the companies that will get the short end of the stick from Trump's tax reform.

Here's Trump's dilemma. His tax reform must be revenue neutral. That's a political imperative: with corporations sitting on trillions of dollars in cash while ordinary Americans are suffering, lowering the average amount of corporate taxation would be unconscionable—and more so if taxes were lowered for the financial sector,

neutral for ten years. This requirement means that average corporate-tax revenue must remain the same, which implies that there will be winners and losers: some will pay less than they do now, and others will pay more. One might get away with this in the case of personal income tax, because even if the losers notice, they are not sufficiently organised. By contrast, even small businesses in the United States lobby Congress.

Most economists would agree that America's current tax structure is inefficient and unfair. Some firms pay a far higher rate than others. Perhaps innovative firms that create jobs should be rewarded, in part, by a tax break. But

profits that US firms hold abroad, introducing a territorial system would generate a tax loss.

To offset this, Paul Ryan, the speaker of the US House of Representatives, has proposed adding a tax on net imports (imports minus exports). Because net imports lead to job destruction, they should be discouraged. At the same time, so long as US net imports are as high as they are now, the tax would raise enormous revenues.

But there's the rub: the money must come from someone's pocket. Import prices will go up. Consumers of cheap clothing from China will be worse off. To Trump's team, this is collateral damage, the inevitable price that must

scummy activities, like gambling.

The sordidness of all of this will be sugarcoated with the hoary claim that lower tax rates will spur growth. There is simply no theoretical or empirical basis for this, especially in countries like the US, where most investment (at the margin) is financed by debt and interest is tax deductible. The marginal return and marginal cost are reduced proportionately, leaving investment largely unchanged. In fact, a closer look, taking into account accelerated depreciation and the effects on risk sharing, shows that lowering the tax rate likely reduces investment.

Small countries are the sole exception, because they can pursue



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In a country with so many problems—especially inequality—tax cuts for rich corporations will not solve any of them.

which brought on the 2008 crisis and never paid for the economic damage. Moreover, Senate procedures dictate that to enact tax reform with a simple majority, rather than the three-fifths supermajority required to defeat an almost-certain filibuster by opposition Democrats, the reform must be budget-

the only rhyme or reason to who gets tax breaks appears to be the effectiveness of supplicants' lobbyists.

One of the most significant problems concerns taxation of US corporations' foreign-earned income. Democrats believe that, because US corporations, wherever they operate, benefit from America's rule of law and power to ensure that they are not mistreated (often guaranteed by treaty), they ought to pay for these and other advantages. But a sense of fairness and reciprocity, much less national loyalty, is not deeply ingrained in many US companies, which respond by threatening to move their headquarters abroad.

Republicans, partly out of sensitivity to this threat, advocate a territorial tax system, like that used in most countries: taxes should be imposed on economic activity only in the country where it occurs. The concern is that, after imposing a one-off levy on the untaxed

be paid to give America's plutocrats more money. But retailers such as Walmart, not just its customers, are part of the collateral damage, too. Walmart knows this—and won't let it happen.

Other corporate tax reforms might make sense; but they, too, imply winners and losers. And so long as the losers are numerous and organised enough, they are likely to have the power to stop the reform.

A politically astute president who understood deeply the economics and politics of corporate tax reform could conceivably muscle Congress toward a reform package that made sense. Trump is not that leader. If corporate tax reform happens at all, it will be a hodge-podge brokered behind closed doors. More likely is a token across-the-board tax cut: the losers will be future generations, out-lobbied by today's avaricious moguls, the greediest of whom include those who owe their fortunes to

beggar-thy-neighbour policies aimed at poaching corporations from their neighbours. But global growth is largely unchanged—the distributive effects actually impede it slightly—as one gains at the expense of the other. (And this assumes that the other does not respond and fuel a race to the bottom.)

In a country with so many problems—especially inequality—tax cuts for rich corporations will not solve any of them. This is a lesson for all countries contemplating corporate tax breaks—even those without the misfortune of being led by a callow, craven plutocrat.

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LETTERS TO THE EDITOR

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Sound pollution is a serious problem

The World Health Organization has recently stated that any sound level exceeding 60 decibel encumbers the normal hearing ability of a person. The sound pollution in busy areas like Farmgate, Shahbag, Mirpur, Palton, Motijheel, Kawran Bazaar, Gabtoli, and Mohakhali is over 70-80 decibel. It can cause high blood pressure, stomach ulcer, brain stroke, amnesia and different types of mental problems. The most to suffer are patients, children, students and aged people. Dhaka has become inhabitable due to the noise level.

Sound exceeding the permissible limit is a punishable offence. But no laws have yet been properly implemented in this regard. The traffic police and administration must work to bring the noise level down in the city, and punish those who create undue noise pollution.

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The public to blame for waterlogging

The Dhaka City Corporation and WASA are working to improve the waterlogging in Dhaka, but their efforts seem to be useless. This is because of the city dwellers who are making the situation worse. People continue to use polythene bags and plastic products that clog the drains and man-holes. We know that these products are not disposable and must be recycled in a proper way.

Efforts from both the public and the government are necessary to resolve these issues. We need to raise awareness about the problems of stagnant water and pollution. Otherwise this beloved city will become uninhabitable.

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