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FOUNDER EDITOR
LATE S. M. ALI

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Unesco recognition for Bangabandhu's 7th March speech

It is now a world property

WE feel very proud that Unesco has recognised Bangabandhu's historic 7th March speech as a world documentary heritage. Bangabandhu's awe-inspiring speech was a pivotal moment in the history of our liberation movement, and we in Bangladesh, have always felt it should be shared with the world. That the speech which galvanised our independence movement has been granted recognition at the international level is a momentous occasion for us. We congratulate Unesco for according to the speech what was long overdue: its universality.

The 7th March speech holds a special place in our history and in the hearts of the people of Bangladesh. For it is this very speech that set the tone for the Liberation War—which would begin 18 days later—and inspired millions of Bengalis to prepare for war. Bangabandhu, through one of the greatest speeches of all time, encapsulated the plight of the Bengali people and provided the final direction in the struggle for freedom which would soon go on to result in an independent country. But as we know, this freedom came at a price: it cost the lives of three million people, hundreds of thousands of women were raped, and millions became refugees during the nine-month war.

Unesco's recognition is a reminder that the atrocities committed by the Pakistan army and the memory of our martyrs can never be forgotten, especially at a time when some countries are going as far as to denigrate our glorious struggle. A case in point is the recent attempt to distort history through a misleading video footage released on a webpage maintained by the Pakistan High Commission in Dhaka.

Bangabandhu's 7th March speech has always been an instrument of inspiration for Bangladesh, and now, with the status of world documentary heritage, has transcended national boundaries. This historic speech goes beyond being the exclusive preserve, and should be treated as such. We would also like to suggest to the government to guard against its misuse by opportunistic politicians for political aggrandisement. It may be worth considering a guidance code which would lay down the occasions that it can be played so that it is not made light of by overuse and misuse.

Bangladesh slips a point

Cost of starting business rises

THE World Bank Business report 2018 published on October 31 had mixed signals for Bangladesh. On the whole, we scored more points than the preceding year, but the increased costs associated with starting a new business and some other indicators cost Bangladesh one full point in the rankings. We top only Afghanistan among the eight South Asian countries and scored 40.99 out of 100 while our previous score was 40.84.

Costs associated with starting a business that includes various permits remain a major stumbling block for new businesses and Bangladesh Investment Development Authority is apparently working to resolve these issues. Problems that continue to exist on getting utility services like electricity and water connections have not been addressed while progress on registering property remains the same despite much talk about reforms.

The report's findings are not totally surprising, given our lack of movement on these crucial factors that are prerequisites to any business—small or large. They have a direct bearing on both domestic and foreign investment in Bangladesh. This explains why our overall grade has fallen noticeably in a number of areas ranging from starting a business (131 from last year's 122); access to credit fell two points, protecting minority investors went down six points from preceding year and the time it takes to get permits fell by eight points. These are some of the more noticeable areas where we have allowed ourselves to fall behind. It is easy to talk about reform but only sheer political will to effect change can have a positive impact on Bangladesh's rating in next year's report.

LETTERS TO THE EDITOR

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Overhaul BCS quota system

Recently, the written test results of the 37th BCS examinations have been published. A total of 5,379 candidates have come out successful in the examinations. But many of the candidates fear that because of the existing quota system, they might not be able to get their desired jobs. I think overhauling the quota system in BCS exams is the need of the time if we want meritorious people to serve the nation.

Shanta, Moghbazar, *Dhaka*

Save our heritage sites

It has been recently reported that the demolition work of the historic "Khamarbari" building is underway. The news has come to me as a shock. I live in a nearby neighbourhood and have grown quite fond of the building. I'm sure many people feel the same way. Personal feelings aside, why do we need to demolish a heritage site? Couldn't the government just restore it instead of demolishing? When will we learn to value the importance of our heritage?

MdBadruddoza, *Indira Road, Dhaka*

Rohingya problem is neither a border nor a law and order issue

STRATEGICALLY SPEAKING

BRIG GEN SHAHEDUL ANAM KHAN
NDC, PSC (RETD)

AND yet the approach of the government has demonstrated exactly that. The home ministry's statement to the media stated that the purpose of the minister's recent visit to Burma was to attend a meeting on cooperation between Bangladesh and Myanmar on border and security matters. And therefore one would not be wrong to say that the government has so far treated the Rohingya issue as a border and normal law enforcement matter.

However, according to the home minister's statement on Oct 12, "Our main agenda in the discussions will be repatriation of the Rohingyas who have entered Bangladesh and stopping a recurrence of such events," is a matter which to my mind should have best been left to the foreign ministry, and the foreign minister's visit to address the repatriation issue would have been in order.

To my mind the Rohingya and security does not fall within the ambit of the home ministry's remit, unless of course the Prime Minister, who also happens to be the defence minister, had tasked the home minister to talk these issues too. But again, the usual caveat that Myanmar foists on the progress to the path of a quick resolution of the problem is the 1992 Agreement. And only yesterday Myanmar made the most ludicrous comment that Bangladesh is delaying the process of repatriation to attract more foreign aid. So whatever Suu Kyi says is subtly countermanded by the Generals. The devious mind of the Myanmar general puts even the satanic innovations to shame.

That Aung Sun Su Kyi is not in charge in Myanmar has been all but clear for a long time. She does not call the shots, and is quite happy to let the military run the affairs of the country. For a person who is supposed to have fought for democracy and the rule of the people in her country, that is an odious compromise for her political survival. It is not really the rule of the people but a sham democracy with the Nobel Laureate for Peace in the shop window—displaying to the world the "face of democracy" in Myanmar. It is virtually a military rule in the guise of democracy. And it is not the parliament but the military who calls the shots in Myanmar. Therefore, it is not the anointed leader but the real powerbase that should be targeted for the resolution of the Rohingya issue.

While the normal diplomatic lines of communications must never be disrupted, we cannot pretend as if nothing has happened between the two neighbours. PHOTO: STAR

That, one understands, is a tall order to achieve. Given the deep-rooted strategic-economic interest of some regional and supra regional powers in Myanmar, the reasons for the unwillingness to take action against Myanmar despite the renewed ethnic cleansing of the Rakhine is clear. The US intention to explore ways to impose sanctions on Myanmar is perhaps more substantive than what has been expressed or done by most countries except for the EU. Tillerson's message to the Army Generals was meant to convey a message. But any demonstrated firm action on the country is going to be restrained by India and China, the two most influential countries that can bear upon the Myanmar military, both with different and conflicting stakes in that country. And this has been amply demonstrated by the Indian call to the US for restraint following US Secretary of State's veiled threat to the Myanmar Generals. And whatever faint hope there might have been of passing a resolution on the matter by October 31 in the Security Council, the last day of France's presidentship of the Council and who had circulated the draft to all members of the Council was dashed, because neither Russia nor China had consented to the draft.

But while we are calling upon the international community to assume a more stringent posture against the military regime in Naypyidaw, our business-as-usual posture with Myanmar will certainly dilute the gravity of the situation. First it was the visit by our food minister to that country to purchase rice, in the midst of the persecution and exodus of the Rohingyas which was creating the most severe problems for Bangladesh. While the normal diplomatic lines of communications must never be disrupted, we cannot pretend as if nothing has happened between the two neighbours. That would convey the wrong message to the world, and certainly to the military junta in Myanmar.

And now we have the MoU signed during the home minister's visit. We are not aware of the details of it, but if the comment of the Myanmar government's permanent secretary for home affairs following the signing of the MoU is anything to go by, it shows that not only has the ball been deftly sent back to our court, it reads as if it is Bangladesh's responsibility to stop the Rohingya exodus. The onus of the problem has been made to devolve on us by very intricate and skilful use of language. The two statements merit dissection.

The comments interestingly read, "The two sides have agreed to halt the outflow of Myanmar residents to Bangladesh", and "form a joint working group". And, "the two countries agreed to restore normalcy in Rakhine to enable displaced Myanmar residents to return from Bangladesh at the earliest opportunity".

Excuse me! How is it up to Bangladesh to halt the outflow of the Myanmar residents? Unless of course Myanmar allows Bangladesh forces to sanitise the Rakhine State. And notice how subtly Myanmar avoids referring to Rohingya as "citizens" by terming them "Myanmar residents." And how is it Bangladesh's responsibility to restore normalcy in the region. Is that the preamble of the proposed Joint Working Group? One wonders whether we have unwittingly become a party to the resolution of the conflict in Rakhine. This is a question the policy makers should seriously ponder on and provide an answer to.

Brig Gen Shahedul Anam Khan ndc, psc (Retd) is Associate Editor, *The Daily Star*.

Mounting illicit financial outflows from South

JOMO KWAME SUNDARAM *and* ZERA ZURYANA IDRIS

ALTHOUGH quite selective, targeted, edited and carefully managed, last year's Panama Papers highlighted some problems associated with illicit financial flows, such as tax evasion and avoidance. The latest Global Financial Integrity (GFI) report shows that illicit financial outflows (IFFs) from developing countries, already at alarming levels, continue to grow rapidly.

Illicit financial flows growing rapidly

With international financial liberalisation enabling investments abroad, "legitimate outflows" have also been growing rapidly, heightening macro-financial risks to countries. Many of today's financial centres compete intensely to attract customers by offering lower tax rates and banking secrecy.

It is generally presumed that IFFs are related to tax evasion and corruption. Such financial flows largely involve financial service providers, law offices and companies with transnational activities, often involving investments in real estate and other assets worth billions. Besides enabling governments and legislation, legal and accounting firms as well as shell companies have been crucial.

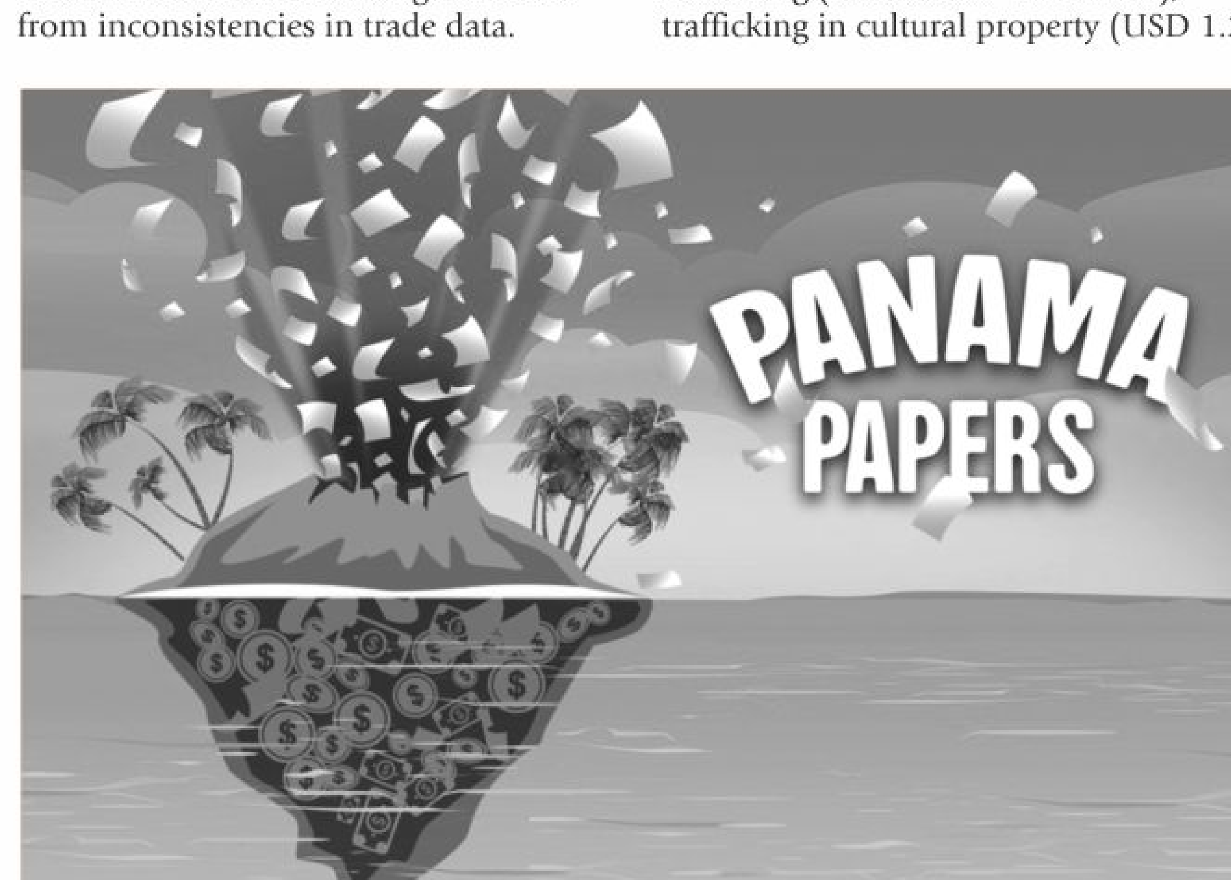
The GFI report estimates that developing countries lost somewhere between USD 620 billion and USD 970 billion in illicit outflows in 2014. The Washington-based think tank found IFFs from the South to be 4.2-6.6 percent of total developing country trade for 2014, while inflows were 9.5-17.4 percent. Total IFFs of all developing countries in 2014 were estimated at USD 2,010-3,507 billion.

During 2005-2014, IFFs from the South were 4.6-7.2 percent of developing countries' total trade, while such inflows were 9.5-16.8 percent. GFI attributes about 3.3 percent of IFFs over this period to fraudulent trade mis-invoicing or "transfer pricing".

China, Russia, Mexico, India and Malaysia lead all countries in illicit capital flight. Since 2012, emerging and developing countries have lost over a trillion dollars yearly that could have been invested productively in industry, agriculture, healthcare, education, or infrastructure.

Methodological doubts

GFI estimates have been criticised, e.g., for making unrealistic assumptions about trade-related transport costs and ignoring other explanations for "errors". For instance, estimated GFI outflows include IFFs and trade mis-invoicing estimated from inconsistencies in trade data.



Rich countries have been quite selective in administering anti-bribery rules, and rarely take effective action, as highlighted by last year's Panama Papers revelations.

For GFI, "leakages" (errors and omissions) in the balance of payments (BoP) are a type of IFFs. It assumes that all unreported leakages in inflows and outflows of a country are illicit. While long associated with capital flight, such BoP leakages may include legitimate reporting errors, as the report recognises. But as such leakages only account for a small fraction of total IFFs estimated by GFI, they are not likely to appreciably affect overall estimates.

Criminal activities

IFFs in developing countries may also be due to transnational criminal activities, which GFI estimates globally for 2014 as follows: counterfeiting (USD 923-1,130 billion), drug trafficking (USD 426-652 billion), illegal logging, (USD 52-157 billion), human trafficking (USD 150.2 billion), illegal mining (USD 12-48 billion), illegal fishing (USD 15.5-36.4 billion), illegal wildlife trade (USD 5-23 billion), crude oil theft (USD 5.2-11.9 billion), small arms and light weapons trafficking (USD 1.7-3.5 billion), organ trafficking (USD 840m-1.7 billion), trafficking in cultural property (USD 1.2-1.6 billion), totalling USD 1.6-2.2 trillion.

"Legitimate outflows" have also increased rapidly in recent years. Besides the decades-old promotion of tax exemption for "free trade" or export-processing zones, some emerging market economies have recently promoted and enabled outward foreign direct and portfolio investments.

Such capital outflows are said to balance portfolio investment inflows increasing foreign ownership of emerging market economies' corporate sectors. But such "balancing" provides no protection in the event of financial panic and a rush to exit. The push for ever greater financial liberalisation thus exposes them to greater fragility and vulnerability.

Participating in such a "race to the bottom" by offering tax loopholes typically involves making ever more concessions to the rich and powerful. Rich countries have been quite selective in administering anti-bribery rules, and rarely take effective action, e.g., to prevent anonymous companies being abused, as highlighted by last year's Panama Papers revelations.

International cooperation needed

The nature and scale of illicit flows mean that international cooperation is urgently needed. While progress has been slow at the United Nations, the cooperation of the International Monetary Fund and other multilateral institutions will be vital for progress. If not, rich countries will continue to "call the shots" through the OECD "rich country club", which has been dominant on international tax matters.

Peak national authorities should work closely with different bodies like the central bank, tax revenue authorities, customs authorities and police to enhance tax collection, increase government transparency, improve natural resource control by government, and enable public scrutiny of revenues and other public accounts.

Such efforts will require more evidence and modes of investigation, as well as the cooperation of all relevant parties. Ultimately, political will, especially to take on powerful vested interests, will make the difference.

Further international financial integration after the 1997-1999 Asian financial crises and the 2007-2009 global financial crisis has resulted not only in fast growing financial outflows from the South, but also in greater vulnerability to new sources of volatility and instability.

Jomo Kwame Sundaram and Zera Zuryana Idris are Malaysian economic researchers.