

A year into the eviction of Gaibandha Santals

Waiting for justice and compensation

ON November 6, 2016, police opened fire on the Santal community in Gaibandha. Three Santal men were killed, and many more injured in the wake of an eviction operation to drive out the community from the Sahebganj-Bagda sugarcane farm land. Under the new local police, the Rangpur Sugar Mills burned the houses of the minority community. Their property was looted, and many of them were shot because they resisted being evicted from the land that they had lived on for generations. We remember promises of rehabilitation and compensation from the authorities. Yet, a year on, this promise has not materialised. Many from the community are still living in shanties. The Rangpur Sugar Mills has taken control of their school, and so, their children cannot even continue their education. On top of these, their attacks have gone unpunished—of the 33 people against whom cases were filed, only one has been arrested and the charge sheet is yet to be submitted.

On the other hand, at the time, cases were filed against many Santal men. Today, still, they fear further harassment with these cases hanging over their heads. After an incident, many locals have even allegedly started hating these men. For those injured in the attacks, the situation is worse: maimed, they do not even have the option to work for their livelihood.

The demands of the Santals were simple—the land, which was acquired from them in 1962, be returned to them as the conditions then stipulated. Not only has that not happened, no form of compensation has been given to them either. It is absolutely unacceptable to hear that after a year, the law is still ongoing for the rehabilitation of these 300 families. We hope the authorities act immediately to fulfill its promises, and ensure justice through proper investigation of those involved directly or through collusion.

Grave hazards

Shocking state of hospital waste management

WITH so many issues that dominate news headlines, the daily hazard that is caused by mismanagement of hospital waste is an issue that is often swept under the rug. A report in *The Daily Star* was published with a photo taken in front of the Dhaka Medical College Hospital (DMCH) emergency unit with used syringes, bandages, dressings, saline bags and many other items on the pavement.

The fact that hospital wastes require specific treatment and management, during separation, collection, storage, and transportation prior to their final disposal is hardly ever recognised. The report cited sources at the DMCH who say that syndicate members directly direct the cleaners to throw the garbage into those containers. The syndicate members are paid by the rag pickers, collecting recyclable waste from the trash container with bare hands and no masks. The rag-pickers then sell the reusable items to scrap dealers, later sold without sterilisation.

Hospital waste causes deadly infections and diseases including hepatitis B and hepatitis C, tuberculosis, and malaria. Infected syringes and scalpels could even cause terminal diseases like HIV/AIDS. The attitude of hospital authorities has traditionally been rather nonchalant, leading to serious public health consequences and also a significant adverse impact on the environment. As such, the Ministry of Health, the city corporations and the local and national government bodies have a role to play in ensuring that hospitals, both public and private, are held accountable for their actions.

With a rapid increase in the number of hospitals, clinics and diagnostic laboratories in all the major cities of the country, proper management of medical waste is becoming a matter of national concern. We hope the gravity of the situation is aptly addressed.

LETTERS TO THE EDITOR

letters@thedailystar.net

HC bans use of hydraulic horns

The High Court on Wednesday banned the use of hydraulic or pneumatic horns across the country. Earlier, on August 23, the HC had banned the use of hydraulic horns in Dhaka.

We would like to acclaim the directives that aim to mitigate sound pollution caused by the use of the horns. Dhaka's sound pollution has reached a dangerous level, according to multiple research reports. Experts say sound pollution created by the use of pneumatic horns can cause serious health problems, especially to children.

We hope law enforcement agencies will strictly enforce the ruling and bring to book those who flout the order.

Mohammad Zonaid Emran, By email

Is social media good for democracy?

Today, people across the world can stay constantly updated because of social media. They can easily share their thoughts and opinions with friends, relatives and an even wider audience. Because of this, the use of social media, in a sense, fosters democracy. It gives voice to the voiceless.

On the other hand, some believe that it hurts democracy. The US election was an example of how the power of social media can be exploited to deceive the voters by misinforming them. The fake news problem is particularly worrying. Tim Cook, Apple's CEO, opined that social media is used to divide and manipulate society. By implication, he says, that it pollutes the public mind.

We should not control the use of social media, but we certainly should restrict fake news. I hope social media giants will find concrete ways to discourage this phenomenon.

Adeel Bin Malek Chowdhury, SUST



NO FRILLS
SYED MANSUR HASHIM

ONE does not give much thought to the export market for home textiles and terry towels in this country. Yet this USD-1.2-billion-a-year export subsector in the readymade garments (RMG) industry occupies a special place in the garments sector of Bangladesh as raw material used in the making of products is local yarn made from cotton waste. Currently, it has some 110 factories (about 97 in operation) employing some 65,000 workers. Unfortunately for the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTLMEEA), the industry has been in a state of decline since 2011 for a multitude of reasons, with the bulk of cotton waste being exported or smuggled out to India/China under the guise of waste clipping/garment clipping.

Going by a report published in a leading English daily, on October 23, industry insiders have alleged that certain parties are exporting cotton waste to other countries misrepresenting it as garment "hute" (cutting waste) since there is no export duty on garment waste. The managing director of Towel Tex Limited was quoted as saying that "despite offering high prices, we are not getting the required raw materials." We find that the export of cotton waste, (H.S. Code 5202.99.10) has jumped from USD 1,059,777 in 2013-2014 to USD 4,468,830 in 2016-2017, and hence the raw material crunch.

Other materials used as raw materials for the industry included used or new rags of textile materials—white and sorted (H.S. Code 63100) witnessed a rise in "export" from USD 8,946,803 in fiscal year 2013-2014 to USD 10,374,017 in 2016-2017. The coloured version of this material (H.S. Code 631090) posted an increase by about a third (USD 3,085,9324 to USD 4,197,0444) over the same period.

The government set the minimum export price for cotton waste at USD 4.50 per kg (25 percent export duty applicable). Since there is misrepresentation of these waste materials, it allows for them to be smuggled or exported as garment clipping. In effect, the export duty is bypassed depriving both the industry/local spinners of its raw material and the government of duty earnings. The



About 65,000 workers are currently employed in the USD-1.2-billion-a-year home textile subsector of Bangladesh's readymade garments industry.

shortage of both cotton waste and garment "hute" is hampering the production of local yarn, without which we may well be sealing the fate of the home textile and terry towel sector. So, what is to be done? The industry, for one, has highlighted the problem in a letter to the National Board of Revenue (NBR) on October 11 that unless steps are taken by NBR to halt the export of cotton waste/garment "hute"/cotton clipping, the industry faces closure in the foreseeable future.

When we look up EPB data at the usage pattern for cotton waste (H.S. Code 5202.99.10) in other countries, we find that during fiscal year 2016-2017, the total value of export stands at USD 4,468,830 with Hong Kong, India and Nepal topping the list having consumed USD 377,646, USD 2,984,953, USD 906,976 respectively. These three countries constituted nearly 96 percent of total export value for this raw material. For used or new rags of textile materials (not sorted), China and India are nearly at par with the former importing USD 14,770,106 (35 percent of total export) and the latter importing USD 15,257,740 (36 percent of total export).

The 2014-2015 data show that India's consumption has remained largely stagnant while China has recorded nearly a 32 percent rise in consumption of this raw material in the current fiscal year.

We can go on listing the rest of the raw material categories but there is hardly any need for that. According to industry sources, the price of yarn produced by these waste materials has increased by 20 percent over the last few years, largely due to chronic shortage of waste necessary for making yarn used by the industry to make finished products. There is a need for NBR intervention here because it is being deprived of revenue and the halting of such illicit activity could result in a decline of the industry in question. Though the sector employs 65,000 people, which pales in the shadow of the nearly 4 million people employed in the RMG sector, those workers support their families and their livelihoods are called into question every time a factory is shut because we have failed to protect a fledgling domestic industry.

An industry generating USD 1.2 billion in exports despite facing such an uphill struggle deserves more attention at

policy level. What could be the potential earning if the subsector was 200-factory strong, employing so many more thousands of people? And protecting the raw material base for the home textile and towel industry has other benefits.

Rotor spinning mills in the country use cotton waste to produce the yarn; similarly, modern recycling mills utilise the "hute" waste from RMGs to make another type of yarn—and both these yarns allow for making terry towels, home textiles, denim and other types of clothing that end up in foreign markets earning the country precious foreign exchange. So, when we take into account the combined workforce of all these different factories, the number is no longer 65,000—it is much higher. The NBR should seriously take a look at the proposal for putting into place barriers to export (for a year) of such raw material that is now taking place by misquoting them as something else. If after a year there is no improvement in the industry, the NBR is perfectly at liberty to change its decision regarding export of the items in question.

Syed Mansur Hashim is Assistant Editor, The Daily Star.

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The curious case of the missing defaults



CARMEN REINHART

BOOMS and busts in international capital flows and commodity prices, as well as the vagaries of international interest rates, have long been associated with economic crises, especially—but not exclusively—in emerging markets. The "type" of crisis varies by time and place. Sometimes the "sudden stop" in capital inflows sparks a currency crash, sometimes a banking crisis, and quite often a sovereign default. Twin and triple crises are not uncommon.

capital flows.

Rising international interest rates have usually been bad news for countries where the government and/or the private sector rely on external borrowing. But for many emerging markets, external conditions began to worsen around 2012, when China's growth slowed, commodity prices plummeted, and capital flows dried up—developments that sparked a spate of currency crashes spanning nearly every region.

In my recent work with Vincent Reinhart and Christoph Trebesch, I show that over the past two centuries, this "double bust" (in commodities and capital flows) has led to a spike in sovereign defaults, usually with a lag of 1-3 years. Yet, since the peak in commodity

time—namely, defaults or accumulated arrears on Chinese loans, China's lending to many emerging markets, most notably commodity producers, rose significantly during the last boom. While most of this lending is from official Chinese sources, much of it is not reflected in the World Bank data, and unknown amounts may well be in default or protracted arrears.

This state of affairs describes the situation in a number of African commodity producers and Venezuela. While Venezuela's government-run oil company continues to service its external bonds (which is why no default agencies in the books of the credit rating agencies), debts owed to China are understood to be in arrears.

and stronger macroprudential measures during the inflow phase or boom may have left countries on a more solid footing to cope with sudden capital flow reversals. In the past, it was all too common for policymakers to convince themselves that a boom in commodity prices and associated surge in government revenues was permanent. Government expenditures would then ratchet up during the boom, only to be slashed as revenues sank along with commodity prices. Aside from waning procyclical, macroprudential policies and capital controls appear to help restrain the intensity of aggregate credit booms and asset bubbles, with policies in place during the boom enhancing economic resilience during the bust.

The second type of explanation focuses on external factors. The largest global surges in sovereign defaults have usually followed a capital-flow reversal that overlaps with a spike in international interest rates. The worst outcomes (Category 5 hurricanes of debt) involved a triple blow to a class of capital importers (the commodity producers).

Today, global liquidity conditions have not tightened as markedly or as rapidly as in the bust phase of previous cycles. Exceptionally low and stable interest rates have acted to dampen debt-servicing difficulties among the debtor countries and may also help explain the missing defaults.

In sum, while there is evidence to suggest that the macroeconomic management of capital inflow surges has been improving over time in emerging markets as a whole, one has to recall that prior to the 2007-2009 global financial crisis, a widely accepted view was that the advanced economies had tamed the business cycle. This was the short-lived era of the so-called Great Moderation.

Perhaps the change is structural. But a more cautious interpretation of the missing defaults is that the protracted nature of the downturn in international conditions has yet to take its cumulative toll, or that lingering weaknesses will only become evident once the major central banks move further along in re-normalising their policy stances.

Carmen Reinhart is Professor of the International Monetary Fund at Harvard University's Kennedy School of Government.

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The impact of these global forces on open economies, and how to manage them, has been a recurring topic of discussion among international policymakers for decades. With the prospect of the US Federal Reserve raising interest rates in the near and medium term, it is perhaps not surprising that the International Monetary Fund's 18th Annual Research Conference, held on November 2-3, was devoted to the study and discussion of the global financial cycle and how it affects cross-border

prices and global capital flows around 2011, the incidence of sovereign defaults worldwide has risen only modestly.

If the model fitted to almost 200 years of data is used to predict the share of countries in default, the predictions are consistently higher than what has materialised to date. This is the case of the missing defaults.

A caveat, as our study highlights, is that there is a potential mismeasurement of the "true" incidence of default, which we cannot begin to quantify at this

Measurement issues aside, there are two types of explanation for the missing defaults. The first is that emerging market economies are more resilient this time around. This view, which suggests a structural shift, was emphasised in early October during one of the most upbeat IMF/World Bank annual meetings in recent memory, and the message was echoed in The Economist's special report "Freedom from financial fear."

Recent studies suggest that less procyclical fiscal and monetary policies