The Daily Star

FOUNDER EDITOR
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Corruption in police

Action must follow words

THE comments of a deputy commissioner of Dhaka Metropolitan Police (DMP) at a recent police conference show the prevalence of corruption in the postings of officers-in-charge and sub-inspectors. According to the DC, prospective OCs have to pay amounts as high as Tk 30 lakh to Tk 1.5 crore for their postings. The amount of bribes for transfers of sub-inspector also goes into the lakhs.

These amounts involved are staggeringly high—so much so that it would not be amiss to say that this initial corruption further fuels other corruption and irregularities we hear of. There have been many cases where victims of crimes have accused the police of not filing cases without graft. In many cases too, we see these officials granting impunity to criminals because they are monetarily influenced. When their initiation into these posts costs them so dearly, it is no wonder they are looking to earn back that money and more through their jobs. Not to mention the culture of bribery that is created. This too was pointed out by the DC when he said, "If an OC gets appointed by paying lakhs of taka in bribe, he will want to indulge in robbery, stealing and drug trading to make money." Those are strong words, coming from the police themselves.

We are glad that this realisation has come from the police and they seem to be trying to purge the institution of the practice. Speaking ahead of further recruitments, the call for cooperation from the DC and other officials is timely. But we fear, calling for transparency is not enough. Strong measures must follow suit, and only through exemplary punishment of those found to be taking bribes can it be put to an end. We urge the police to heed the DC's call and work towards that goal.

Not a day too soon

Withdrawal of air cargo ban to UK

WE welcome the UK government's decision to fully withdraw the two-year-long ban on direct cargo flights from Dhaka to London with immediate effect. This is because the safety and security measures at Hazrat Shahjalal International Airport have improved to the satisfaction of the country. However, the Civil Aviation Authority of Bangladesh still has to recruit joint security experts, follow international standards and do three joint safety assessments a year, as recommended by the UK Transport Department. We believe that Bangladesh is quite capable of meeting all these requirements.

Since the UK is the third largest garment export destination for Bangladesh and every year more than 1,200 tonnes of cargo, mainly garments, vegetables and fruits, are carried by air from Bangladesh to the UK, this ban had affected our business seriously. During this two-year ban, the exporters had to bear an additional cost, because before going to the UK all air cargo needed to be screened in a third country in the Middle East, which was also time-consuming. Now that the ban has been lifted, we hope that other countries such as Germany, Australia and the EU would also follow suit.

We would also like to see that Shahjalal International Airport conforms to the international safety and security standards. Although it has already improved its safety standards by meeting important security conditions, more needs to be done. Most of all, there needs to be a proper monitoring mechanism in place which should be ensured by the civil aviation authorities. No money should be spared to ensure safety of passengers and aircraft.

LETTERS TO THE EDITOR

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Rising danger of cyclones

The coastal belt of Bangladesh is highly vulnerable to natural hazards. In the last century, our country experienced some devastating cyclones, such as Barisal Cyclone (1965), Bhola Cyclone (1970) and the 1991 cyclone that struck Chittagong district—together causing the deaths of around 500,000 people. Major cyclones Sidr and Aila in 2007 and 2009 respectively also left the country battered. Last year, Cyclone Roanu hit the coastal belt. Strong winds, torrential rains and tidal surge caused floods and landslides. About 55,000 households were reportedly damaged and three million people were affected in Cox's Bazar and adjacent districts.

In the last century there was a gap of minimum 15-20 years between two big cyclones but this gap has reduced. Just after two years of Cyclone Sidr, Cyclone Aila hit the coastal belt—proving once again the harsh reality of climate change caused by global temperature rise. The effects of climate change are already taking a huge toll on us and the severity is likely to only increase.

M Saify Iqbal, *Dhaka*

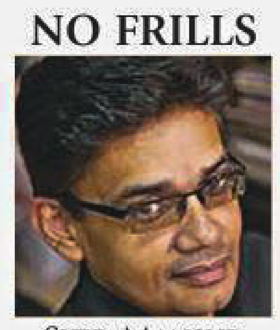
Goodbye Mort Walker

One of the reasons I am a fan of *The Daily Star* is the cartoon strip of Mort Walker's Beetle Bailey that the paper thoughtfully publishes every day in its Opinion page. The fun, the banter, the prank and the daily fights between Beetle and Sarge have been my daily boost for years now. I took a liking to the humorous human aspects of the gun-bearing military people in Beetle Bailey. The cartoonist Addison Morton Walker was also a military man for a long time. He created as many as 24,562 strips before he passed away on January 27 this year. The sudden news of his death was shocking. I would like to pay my respects to the iconic cartoonist who spread happiness and humour throughout his life.

M Mainuddin Mainul, *By email*

What about our "loss"?

NO FRILLS



SYED MANSUR HASHIM

IT'S that time of year again when we talk about the rationality of power tariff hike. According to media reports, Bangladesh Petroleum Corporation (BPC) has forwarded a proposal to the Energy and Mineral Resources Division (EMRD) that there is need to hike the prices of petroleum products. And here it gets interesting because the proposed hike of 11 and 31 percent is ludicrous. As always, the rationale behind these hikes is that unless this is done, BPC will incur substantial losses. This has become somewhat of a joke in the energy sector since it's all about "avoiding losses" for state-owned and run corporations. Again, by what has been printed in media, if the proposal is accepted in its present state, we will be coughing up Tk 55 per litre for furnace oil and Tk 72 per litre for diesel and kerosene.

SOURCE: TWITTER

> *For too long we have been basking in the (mistaken) knowledge that we have ample gas reserves and that the next big gas find is just around the corner. That bubble burst a couple of years ago.*

We are informed by media that BPC imported diesel at about USD 50 per barrel in April, 2016 and the price of the same barrel in January 2018 is USD 82.10. Price of furnace oil has nearly doubled (over the same period) to USD 412.41. The latest hike being demanded has everything to do with the increase in prices of petroleum in the international market since June 2017. While prices were at an all-time low till that time, BPC had made windfall profits for three years in a row (at the behest of consumers—both bulk and retail) and is now lamenting over "losses". It perhaps did not dawn upon policymakers that the good times of the last few years would not last forever and as the global recession is showing signs of being over, it is only natural that there will be an upturn in the international market for oil.

Why wait for the situation to get to a point when the corporation cannot bear the burden anymore before demanding such a huge hike? According to a report in *The Financial Express* on February 18 "The BPC has undertaken a programme to implement a number of projects, including a second-crude-oil refining unit of Eastern Refinery Ltd (ERL), country's first single-point-mooring (SPM) system, two oil-carrying pipelines along Dhaka-Chittagong and Kanchon Bridge-Kurmitola at a total cost of Tk 167.39 billion from its own coffers." So we have huge expenditure outlay by BPC to cover infrastructure development costs but apparently little planning on what would happen when international oil prices rebounded. This is a problem made by policymakers, but as always, and there is no reason to suspect that there will be any change in the policy this time round either and that is, simply pass on the buck to consumers.

Last year I had written that it has always been customary to pass on "losses" sustained by state-owned enterprises in the energy sector to retail and bulk consumers without making even an effort to achieve efficiency. That argument holds good today. When we talk about efficiency, it is not simply implementing cost-reducing processes at the plant level; it also means making changes at the management level. What has the government done to make the management more efficient? There are good managers and there are bad managers. Would it be impossible for the concerned ministry to introduce a scheme whereby plant managers (at state-owned enterprises) would be rewarded for better performance of their plants?

Why stop there? Would it be impossible to give incentives to private plants that produce power at less cost? Could we not have an incentive scheme for the private manufacturing sector for industries that consume less energy and power? Such incentives could come in the form of reduced taxes on machinery needed to retrofit factories to consume less energy. These are not impossible scenarios and can be done if the will exists at policy level. For too long we have been basking in the (mistaken) knowledge that we have ample gas reserves and that the next big gas find is just around the corner. That bubble burst a couple of years ago. And while the short-term fix of addressing power needs through rental power plants has literally, become our mid-term plan, we must face the realities on the ground. It is impossible to keep hiking prices every year without addressing the systemic problems that plague our energy sector.

Another price hike is almost inevitable. And it hardly helps if the Bangladesh Energy Regulatory Commission (BERC) slashes the hike from 31 percent to, say, 21 percent in the upcoming public hearing; the bottom line is that there will be no end to these "losses" because we have done next to nothing to address the inefficiencies in the system. There is no incentive for state-owned enterprises in the energy sector to reduce the "system loss" nor is there any incentive for efficient managers to initiate changes because of a lack of rewards system. Any price hike in power will put the government in a fix as it is; after all, election year and such massive increases in the price of fuels will undoubtedly be felt down the supply chain, as cost of producing electricity will go up and there is only so much subsidy that the state can give before passing the burden onto us.

Syed Mansur Hashim is Assistant Editor, The Daily Star.

Intellectual property regime undermines equity, progress

Developing countries must reject the intellectual property rights regime imposed on them by powerful foreign monopolies in recent decades

JOMO KWAME SUNDARAM

OVER the last few decades, people in the developing world have been rejecting the intellectual property (IP) regime as it has been increasingly imposed on them following the establishment of the World Trade Organization (WTO) including its trade-related intellectual property rights (TRIPs) regime. IP rights (IPRs) have been further enforced through ostensible free trade agreements (FTAs) and investment treaties among two (bilateral) or more (plurilateral) partners.

Despite their ostensible rationale, the IP standards rich-country governments insist on have never been intended to maximise scientific progress and technological innovation. Rather, the IPR regime serves to maximise the profits of influential pharmaceutical and other companies by conferring them with exclusive monopoly rights.

In the pushback, initially led by Nelson Mandela soon after he became South African president under the new dispensation in 1994, developing countries have targeted access to essential medicines. Thus, the 2005 Indian law to conform to the WTO's TRIPs safeguarded access to generic equivalents, as allowed for by the public health exception to TRIPs.

However, the WTO rules disallow Indian generic manufacturers from exporting their medicines to Africa and other poor countries lacking the necessary pharmaceutical manufacturing capacities and capabilities. Even if the African countries could produce the drugs domestically, they would be more expensive as they would lack the economies of scale required to lower costs in their relatively small economies.

Privatising knowledge

In *Innovation, Intellectual Property and Development*, Joseph Stiglitz, Dean Baker and Arjun Jayadev have shown that the economic institutions and laws protecting knowledge in OECD economies not only poorly govern economic activity, but are also ill-suited to developing countries' needs, especially the global commitment to achieving universal healthcare of Agenda 2030, the Sustainable Development Goals.

From an economic perspective, knowledge is considered a global public good, as the marginal cost of anyone using it is zero. Growth of knowledge can presumably improve wellbeing.

Despite lack of evidence, the IP advocacy argument has been that market forces "undersupply" knowledge owing to the poor incentives for research and innovation. The usual claim is that this "market failure" is best corrected by providing a private monopoly through property rights for new knowledge, e.g. through enforceable patent rights. Private IP protection is presumed to be the only one way to reward, and thus encourage research and innovation.

The trio argue that the IP regime has been much more problematic than expected, even in rich countries. They show how the 2013 US Supreme Court decision that naturally occurring genes cannot be patented has shown that the IP regime impedes, rather than stimulates, research by limiting access to knowledge. Following the ruling, innovation accelerated, leading to better diagnostic tests (e.g. for genes related to breast cancer) at much lower cost.

Alternatives

Stiglitz, Baker and Jayadev focus on three alternatives to motivate and finance research in the US context. First, through centralised mechanisms to directly support research. Second, by decentralising direct funding, e.g. via tax credits; government bodies or research foundations or institutions can reward successful innovations or findings.

The patent system rewards legal ownership of innovation, but effectively impedes the use of that knowledge by others, thus reducing its potential benefits.

The current IP regime serves to maximise profits for a few monopolies. Big Pharma is a case in point.

SOURCE: NYULOCAL.COM

Having a creative commons, e.g. open-source software, would maximise the flow of knowledge.

The trio recommend that developing economies use all these approaches to promote learning and innovation. They view the gap between developing and developed countries as involving a gap in knowledge comparable to the gap in resources.

Hence, to improve economic welfare in the world, they urge diffusion of knowledge from developed to developing countries, as conventional social scientists have urged as part of modernisation theory for more than half a century.

Often dense "patent thickets", requiring many patents, are increasingly stifling innovation. Payments to lawyers and patent investigators typically exceed those to scientific researchers in such cases, with research often oriented to extend, broaden and leverage monopoly rights due to patents.

One perverse consequence has been patent "trolling" by speculators who buy up patents which they think have a chance of being necessary for any product or process innovation. Thus becoming gatekeepers like the mythical trolls, they effectively block innovation unless their price is met.

Neoliberal monopolies

Ironically, while the case for more openness in sharing knowledge is compelling, "neoliberals"—who typically claim the moral high ground in opposing monopolies and related market distortions—have effectively served to extend and strengthen property rights and attendant monopolies.

Powerful corporate and developed economy government lobbies have influenced the IP regime, e.g. by opposing competing rights associated with nature, biodiversity or even traditional knowledge.

Hence, recent ostensible FTAs have extended IPRs to cover "biologics", i.e. naturally occurring substances, such as insulin for those suffering from diabetes, which is derived from mammals.

Thus, over the last few decades, the evolving IP regime has erected more and more barriers to widespread use of new knowledge. The current IP regime serves to maximise profits for a few monopolies, e.g. 'Big Pharma', rather than the progress and welfare of the many.

Widespread strictly enforced IP protection is historically new. IP protections came very late to the early industrialising economies, typically delayed to enable rapid "catch-up" industrialisation and technological change.

The "weightless economy" of data, information and knowledge is accounting for a growing share of economic value in the world. Stiglitz, Baker and Jayadev argue that existing rules governing global knowledge serve as fetters that must be broken to reflect these realities.

Jomo Kwame Sundaram, a prominent Malaysian economist, is former United Nations Assistant Secretary-General for Economic Development.