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Onion price hits all-time high

Administration should have reacted sooner

THE prices of onions have shot through the roof, reaching Tk 250 in Dhaka and many other districts causing immense suffering for the people. Previous to this week, prices had been hovering around Tk 120-150 which was already triple the regular market price; but since then, it has gone up by over Tk 100 in a matter of days. This rise has not come without warnings. It had been building up since at least September 29 when India banned onion export. The authorities, therefore, had more than a month to tackle the crisis which it has not been able to do.

While the authorities had been slow to react, the shortage was criminally exploited by some importers, as reported in this paper yesterday, who marked up the prices by nearly three times the import price. While the administration failed to apprehend the unscrupulous traders, the quantity it provided for open sales was insignificant too, and hence it failed to check the price hike.

Whether the supply shortage was orchestrated or not, the fact remains that it is the administration's responsibility to ensure that the price of a commodity as essential as onion does not increase to such an agonising point. Had the authorities addressed the matter more promptly from the beginning, the crisis could have been avoided. Furthermore, as traders have alleged, lack of storage capacity has led to a huge percentage of their supply to rot, which is another reason why the price has increased so much.

It is absolutely unacceptable that people should have to tighten their belts because of the lack of appreciation by the authorities of an impending crisis. All those associated with planning should draw lessons from this episode and factor in the unpredictable so that such a crisis can be averted in future. And those who failed to anticipate the crisis should have a thing or two to answer for.

Accused policeman retained in job!

Things cannot get more weird

IT defies all common sense that a police officer of the rank of inspector should continue to serve in the force despite the fact that he was accused of forgery, land grabbing, and attempted murder in a case filed against him on December 10, 2017, in Chapainawabganj, while he was posted in Pabna as a district intelligence officer. But instead of being suspended on getting bail after a month, which is what the service rule stipulates, he was transferred to Puthia police station as its OC. Reportedly, he has many misdeeds under his belt like land grabbing, extortion and tampering with FIR, which he indulged in with apparent impunity exploiting his political link even after he continued to serve as OC, as an accused in a criminal case and evading suspension.

The case of police inspector Shakil Uddin Ahamed, the officer in question, is a glaring example of the extent of injury that law and order can suffer when senior police officers in positions of command choose to ignore the rules and allow an accused member of the force to not only serve but also serve in important positions. It is difficult to believe that his superior officer, the SP of Rajshahi, was not aware of the fact that Shakil happens to be an accused in a criminal case. It was only after the HC directive following a murder case filed against Shakil that he was suspended, with retrospective effect.

It is a sad state of things that those who are supposed to uphold the rule of law and enforce it should connive with the criminal elements to violate it. We understand there is a litany of misdeeds by Shakil in his current appointment as also in his immediate past position, for which there should be a judicial, not a departmental, probe. Only that can identify the strengths behind Shakil. And they must all be held to account.

LETTERS TO THE EDITOR

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We should learn from rickshaw puller's honesty

The news of a rickshaw puller who returned Tk 18.5 lakh to a passenger, who had mistakenly left it in the rickshaw, is an inspiring story of honesty. The 55-year-old Lal Mia is an individual to whom personal integrity is far more important than a material need for money. But the fact that the news was circulated widely also shows how rare such honest acts have become. We are surprised when such acts of kindness and honesty make headlines.

Unfortunately, corruption, greed and dishonesty have become pervasive in our society, so much so that we are no longer surprised when news on these issues gets published. I think the society has a lot to learn from Lal Mia's incident and celebrate honesty through our everyday acts.

Nur Jahan, *Chattogram*

Clothing as a commodity: The naked truth

MOSTAFIZ UDDIN

THE global apparel industry has a serious overproduction issue and it impacts all sections of the supply chain. We hear so much about the issue of recycling, circular economy and all manner of new and exciting industry initiatives designed to take the fashion industry forward and make it more sustainable.

But hold on just one moment. Are we not in danger of running before we can walk, with the focus on industry initiatives which have sunset dates that are 10 or 15 years from now, when we currently have a major problem that is staring us all right in the face: product waste?

Excess inventory or product waste is the dirty secret that has an impact right across the apparel supply chain, from one end to the other. Recent research, for instance, found that at least 10 percent of garments—which equate to 230 million pieces—remain unsold in Germany each year, while in North-West Europe, 4,700 kilo tonnes of post-consumer textile waste are generated annually.

These figures were included in two separate reports which looked at the staggering scale of waste and excess inventory in the global apparel industry. One of the reports points out that less than one percent of textiles collected are currently recycled into new ones, while around half are downcycled, incinerated or landfilled.

Yet in reality, this is not a smart recycling issue. We know recycling technologies have come on at a fantastic rate and will surely play a huge part in the industry in future. But that's a discussion for another time, for this is an over-production issue. It is an inventory management issue. It is a logistical issue. And it is one that the industry should—and can—be addressing now.

The good news is that there are many possible solutions to this problem which we could begin implementing right now. I will come back to these solutions later.

In economics, we have the widely accepted concept of scarcity. We live in a world of scare resources and it is this scarcity that dictates the dynamics of demand and supply. Excess demand over supply sees prices rise; and excess of supply over demand sees prices fall. This way prices are dictated.

But the apparel industry at times appears to operate in a parallel universe where the laws of demand and supply have been turned on their head; or, rather, they are never given the chance to take effect. In short, the market is broken.

PHOTO: REUTERS/ARND WIEGMANN

An employee checks samples of fabrics at the design office of H&M, Stockholm, Sweden, on May 7, 2013.

Allow me to explain. Because apparel has been outsourced to the cheapest possible destinations where wages are lowest—like Bangladesh—and because suppliers have been pressured to work in increasingly fine margins, this means apparel retailers can now get clothing onto shelves for next to nothing. This, in turn, means clothing has become—certainly in large parts of the market—commoditised. It is produced in such huge quantities that the market is always completely saturated and there is a huge excess of supply over demand at any given time, and this in turn ensures that prices remain at rock bottom.

Only if the market were to collectively squeeze supply would prices increase, but this won't happen because no retailer wants to be the first to blink on this issue. Instead, they keep producing more and more and if this means an excess of inventory (which it does, and has done for decades), nobody is too concerned because, as outlined earlier, production costs have been squeezed so low anyway. A few more thousand units which don't sell simply aren't seen as a big deal in this industry.

For sure, we have seen improvements in logistics and inventory management in some parts of the apparel industry but, at heart, this remains an industry which is frighteningly relaxed about the issue of excess product.

But this is about more than just retailers. In supply chains, excess produce—waste—is also a huge problem. Waste is generated in the supply chain in several ways as textile fibres go through the spinning, manufacturing, wet processing and production stages. Ten percent, or more in some cases, of output can be lost as waste during each of these stages.

In Bangladesh, the more positive news is that we do manage to make use of this waste. Some excess fabrics are reused in the local market. For instance, a large portion can be cut down for smaller garment sizes. Some are reused for quilts, cushions and other related products. Some are mechanically recycled and rebranded. And some are used in value-added products other than textiles, such as composites and insulation.

But we can and should be doing more about the issue of waste in production because more waste in the production process ultimately means lower margins. In this sense, in Bangladeshi factories, waste is an economic issue as much as an environmental one; nonetheless, it is one the industry as a whole needs to address through better factory management, better training and more sophisticated production techniques.

Where waste becomes a real environmental challenge is, as indicated, where we move further along the supply chain. It seems insane that in a world of scarce resources, factories are producing far more of a product than the market is actually demanding.

I mentioned solutions earlier, and these are fairly clear-cut. Firstly, we need agreed minimum unit prices paid to RMG factories by brands and retailers. One of the reasons brands are so relaxed about excess inventory is because unit prices are so low. Higher prices would soon sharpen their focus and encourage them to treat the issue of stock management a little more seriously.

Secondly, we need the extension of Extended Producer Responsibility (EPR) laws to the global apparel industry. EPR is a policy approach under which producers are given a significant responsibility—financial and/or physical—for the treatment or disposal of post-consumer products. Such laws are common in many industry sectors but, sadly, not in apparel. That needs to change.

Finally, we need a broader, cultural shift to encourage people to place greater value on clothing and stop viewing it merely as a commodity. Education can help here but ultimately this will not change as long as retailers continue to saturate the market with mountains of clothing, a large majority of which they know in advance will end on the sale rail or not get sold at all.

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PROJECT SYNDICATE

Corporate citizens must become global catalysts

SEBASTIAN BUCKUP

BY September this year, 183 corporate CEOs signed on to a statement affirming their commitment to move beyond the "shareholder first" mantra to account for the interests of all stakeholders, including employees, customers, suppliers, and communities. Many responded with scepticism. But dismissing the statement by the US Business Roundtable as a mere public-relations stunt fails to recognise the fierce headwinds businesses are facing—and their proven capacity for adaptation.

Since the advent of the modern firm, businesses have had to contend with a fundamental paradox: society needs large organisations to solve complex collective problems, but also fears centralised authority and decision-making. As Robert D Atkinson and Michael Lind explain in their latest book, *Big is Beautiful: Debunking the Myth of Small Business*, in the United States, large companies outperform small ones on almost every indicator, from wages and productivity to exports and innovation.

Yet public opinion surveys rank large companies among the least trusted institutions (above only television news and the US Congress), with small businesses among the most trusted (below only the military). This trust paradox has shaped several dramatic shifts in corporate governance over the years.

The first transition occurred in the nineteenth century, when the Industrial Revolution shifted production away from small, owner-led enterprises to modern multi-unit firms, and gave rise to a professional managerial class. The great merger movement of the late 1800s, when thousands of small firms were replaced by a few dozen large trusts, accelerated this reshuffling of the corporate landscape.

The new corporate giants propelled societies forward, but also created new imbalances—and almost immediately ran into resistance. "If we will not endure a king as a political power," US Senator John Sherman declared in 1890, "we should not endure a king over the production, transportation, and sale of any of the necessaries of life." With those words, the Sherman Antitrust Act was born.

According to a study published in 1935 by the economist Shaw Livermore, more than half of the trusts formed in the US between 1888 and 1905 disappeared or fell behind by the 1930s. Though rapid technological progress may have been more damaging than "trust-busting" policies, business learned its lesson: if you squander your social license to operate, size is a liability.

This realisation underpinned a new governance shift: the institutionalisation of corporate philanthropy. While individual business leaders had been among America's top donors since the seventeenth century, in the twentieth century, philanthropy became an essential part of doing business in the US. This helped to sustain an implicit ceasefire, with government more inclined to allow business to operate with minimal interference.

If the beginning of the twentieth century was shaped by the modern multi-unit enterprise, the century's latter half was all about the multinational. The shift began after World War I and picked up steam after the end of the Cold War, when the integration of markets and the vast expansion of corporate bureaucracies enabled companies to take advantage of global economies of scale.

The trust paradox reared its head again. Though the software giant Microsoft avoided the fate of America's largest telecom provider, AT&T, which was broken up in the 1980s, it was forced to lift barriers on third-party software—a move that would later help companies like Google to grow.

Though the anti-trust campaigns of the 1990s did not match the scale and scope of those in the early twentieth century, businesses felt pressured to reconsider their role in society. In 1973, at the World Economic Forum's annual meeting in Davos, WEF founder Klaus Schwab asserted that "the purpose of professional management" is to serve all stakeholders, and to harmonise their different interests.

The so-called Davos Manifesto heralded yet another shift, from "corporate philanthropy" to "corporate citizenship"—the idea that a corporation, like any citizen, had to align its self-interest with the shared interests of society. But, though participants at that year's WEF meeting unanimously endorsed the manifesto, corporate citizenship has remained a radical idea—one that is only now, nearly a half-century later, becoming mainstream.

IMAGE: REUTERS

The catalyst is the Fourth Industrial Revolution, characterised by business expansion into the domain of data and algorithms. In a sense, smaller firms may lead this new phase of business activity. As Jack Ma, the founder of the Chinese tech giant Alibaba, told Davos attendees this year, "In the last 20 years, globalisation was controlled by 60,000 companies worldwide. Imagine if we could expand that to 60 million businesses."

But this would not be a return to the past, with individual small and medium-size enterprises driving the economy. In fact, Ma was touting a platform he has built to allow SMEs to build globalised businesses.

Therein lies the fundamental difference between modern markets and those Adam Smith envisioned back in 1776: to compete today, SMEs need to be able to store, process, and analyse massive amounts of data—capabilities that are provided by giants like Alibaba, Amazon, Facebook, and Google.

Similarly, while the rise of the "gig economy" means that more people are operating as one-person firms, these workers rely on multinational platforms to get "gigs." It is this tension between unprecedented bigness—Apple and Amazon recently became the first privately owned trillion-dollar companies—and pre-industrial smallness that lies at the heart of the trust paradox today.

As a result, large corporations are more than stakeholders; they often govern the platforms upon which *all* stakeholders intersect. To avoid another public backlash, they must make these platforms serve us not only as consumers, but also as entrepreneurs, workers, and citizens. At a time of unprecedented global challenges, including climate change and high levels of inequality, this must include using the unprecedented power of platform leadership to catalyse global-scale solutions.

Earlier this year, the artificial-meat producer Beyond Meat celebrated a rapturous stock-market debut. Rather than focus on meeting rising demand for meat by scaling up factory-farming operations, as companies did in the past, it—and similar companies, such as Impossible Foods—is working to help reduce overall meat consumption, a major driver of climate change.

This is propelling the latest transition in corporate stakeholdership, focused not just on scaling more wisely, but also on becoming wiser about what to scale. Business leaders know what happens when the tide of public opinion turns against them. While critics are right to demand that they translate their recent pledges into action, there is plenty of reason to believe that they will.

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