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FOUNDER EDITOR
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Railway expanding but failing on quality service

Massive investments on infrastructure only

BAKGLADESH Railway's (BR) fortunes appeared to turn around over a decade ago when the government undertook a major overhaul of this public transportation service and invested thousands of crores, every fiscal, to expand its network. Unfortunately, that expansion has done little to improve the services to passengers whose numbers are increasing by the year, or their safety. Passengers have to buy tickets from racketeers who sell them at inflated prices, something that the authorities are unwilling to concede exists. The coaches and toilets of carriages are unhygienic. Intercity trains experience regular delays and there is a growing number of accidents on various routes. All in all, a dismal state of affairs.

Over this period, BR has been allocated Tk 50,114.85 crore for its development. The service was able to spend only Tk 28,489.75 crore until November of this year. It is implementing some 36 projects according to documentation. While this explains the physical expansion of BR in terms of infrastructure development, it also shows a lack of enthusiasm towards regular maintenance and creating skilled manpower for the proper running of railway. It is difficult to make sense of the director general's statement that the railway is not a business entity, it being a government organisation. If this is the attitude of one who heads an important service sector, it is only natural that the railways would run into continuous loss. Increasing the prices of ticket is not the way to stem the recurring loss. There are many holes through which loss occurs.

The general lack of professionalism that exists in government entities, and BR is no exception to that rule, is part of the problem. Where there is no accountability and monitoring, there exists the possibility of graft and letting things go on as usual. This apathy towards providing quality service despite having enough budgetary allocation can only improve if there is serious stock taking, at policy level, as to where the money is being spent or misspent. Unless the loopholes in the system are addressed, we cannot expect things to change for the better.

Wasa sewerage lines polluting Buriganga!

It must comply with the HC directives

WHILE we are extremely concerned about the level of pollution that has made the water of Buriganga undrinkable (even after treatment) and unusable for any other purposes, the fact that Wasa's own sewerage lines and drains have been polluting Buriganga came to us as a shock. It was observed by the High Court on December 3 that 68 underground drains and sewerage lines of Wasa are connected to the river.

Over the years, the Buriganga and other rivers around the capital have become extremely polluted because of indiscriminate discharge of untreated industrial and household waste into them. However, in the last couple of years, several steps were taken by the government agencies concerned to save the river from pollution. Already many tanneries as well as other factories that used to dump untreated waste into the river were shifted from the banks of the river or were shut down. But these steps alone would not help if Wasa itself pollutes the river.

It is unfortunate that Wasa did not comply with the HC directive given on June 1, 2011 to seal off all the sewage outlets into the Buriganga within one year. Not only that, the Wasa MD has recently submitted a false report to the HC denying the fact that many of Wasa's sewerage lines are connected with the river. Although he has submitted an apology to the HC, just that is not enough.

We hope that Wasa, being a responsible state agency, would comply with all the HC directives and take effective steps to clean and save Buriganga. That also means they must immediately seal off the sewerage lines connected with the river.

LETTERS TO THE EDITOR

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Lower the interest rates

A lot has been said about establishing a single-digit interest rate. Even though the authorities have expressed their wish to bring down the interest rate on lending to single-digit in all banks—as high rates are sometimes the main reason for loan defaults—the full-fledged implementation of it is far from certainty. But what is the reason for this delay?

I believe it is also the responsibility of economists to persuade and pressure the authorities to apply the single-digit interest rate as early as possible. High rate of interests will not yield good results for the overall society and instead lead to large numbers of loan defaulters. Our economy has already seen and suffered the consequences posed by such loan defaulters, many of whom have a sense of impunity.

It should also be noted that bad loans are piling up and its harmful impact is often reflected upon the overall economy. It is high time the authorities looked into the matter with greater urgency.

Nadim Ahmed, by email



STRATEGICALLY SPEAKING



BRIG GEN
SHAHEUL ANAM KHAN
NDC, PSC (RETD)

WE are in the clutches of syndicates whose pernicious presence pervades almost every walk of our life. And there is no guarantee that we would be able to come out of it soon, or ever if at all. The nation has suffered since the very first day the flag of the newly born nation fluttered on the soil hallowed by the blood of the martyrs, afflicted by these leeches, which these groups are. They have only one interest and that is to maximise profit, people be damned! And like all powerful cabals, they are well-linked, with powers that be to shield them or bail them out when in trouble. The protectors are a beneficiary of the syndicate's largesse.

How else does one explain the fact that in spite of the country receiving enough blankets to go around each one of us immediately after the Liberation War, many had to suffer the rigors of winter without one? Bangabandhu decried and warned the "kambal chors" of dire consequences. But not only have they survived, they have also spawned a progeny that is carrying on with the gainful trade of profiteering on the woes and plight of the people.

It was shocking for those of us deployed along the international border in early 1974 on anti-smuggling duty to find among the seized goods being smuggled into India such items as milk powder and baby food, essential medicines and, of all things, second-hand garments, something that had kept a good part of our middle class population comfortably clothed, particularly in winter. And imagine what was smuggled in from India. Lac-dye (*alta*) lipstick and ruse and all manner of toiletry items and, ball bearings.

Smuggling has its own dynamics, but one cannot imagine that at a time when we were struggling to keep the

wolf from the door, toiletries would be in much demand in Bangladesh. The Indian syndicates knew what was good for India and so did our syndicates, who too knew what was good for India and delivered those to India—at our cost!

In spite of the administration's efforts (whether it was the best of efforts or not only time will tell) the transport sector remains one of the most ill-disciplined and completely out of the administration's control. The only power that they are amenable to is the coterie of leaders who head the main segments of the sector—the owners,

executive president of Bangladesh Road Transport Workers Federation. The glaring conflict of interest was apparent to everyone except the administration. It was like employing the fox to guard the hen house. It is thus not surprising that the administration yields to this group despite its brave pronouncements to not wilt under pressure.

Is it any wonder then that the number of road accidents and casualties therefrom, during that particular period, saw a quantum increase? One wonders how these leaders would take the observations the sessions judge



PHOTO: STAR

the drivers and the general transport workers. The general mass is held constantly captive by the triumvirate. They derive their unlimited bargaining power from the leaders of these groups who happen mostly to be politicians, belonging to all political parties. And some are senior members of political parties allied to the government. At one time there was a weird and most unusual situation when the minister for transport happened to be also the

made while delivering his verdict on December 1 on the killing of Rajib and Dia caused by reckless driving. He observed that everyone—students, youths and even elderly, run the risk of being runover by buses driven by careless and apathetic drivers and helpers. And these people, and those so-called leaders of theirs, have done everything to thwart efforts to bring sanity on the roads. The Road Safety Act 2018, which took years in the making,

and it was perhaps the student agitation which compelled the authorities to get it passed, may be diluted following the threat of the triad we have spoken about.

One would like to believe the former commerce minister, now the chairman of the house oversight committee on commerce, that no syndicate was involved with the onion price debacle. It was a disaster brought about by a concatenation of actions and inactions. First there was a pathetic lack of planning by people who the public pay to do exactly that very thing. And then there was the sudden ban on onion export by India, our biggest supplier. And during the ban on onion export to Bangladesh, India did not halt exporting the same item to the Maldives. The Indian ban couldn't be passed up by the onion traders. The decision by the traders to stock up was a well-orchestrated and coordinated action, typical methodology of the syndicates.

While the onion saga was a severe but a temporary bruise, hopefully, what the people suffer every year because of market machination before Ramadhan and Eid and other national festivity, defies all laws of economics and market theory. The prices of fast-moving items rise without any reason, no shortage no natural calamity or any kind of force majeure. And as always, all the thunder and bellowing by the administration turn out to be merely sound and fury signifying nothing at all. The syndicate, from the importers to the wholesalers make more profit in those 30 days than the rest of the 335 days of the year.

Unfortunately, we will continue to suffer till such time the government goes after these elements regardless of their party or political affiliation. Like terrorists, the syndicates do not belong to any party. And like combatting terrorists, the entire might of the state should be brought to bear against the syndicates to deliver the people from their clutches.

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Inequality and its many discontents

JOMO KWAME SUNDARAM and ANIS CHOWDHURY

MUCH recent unrest, such as the "yellow-vest" protests in France and the US "Abolish the Super-Rich" campaign, is not against inequality per se, but reflects perceptions of changing inequalities. Most citizens resent inequalities when it is not only unacceptably high, but also rising.

Even in the most egalitarian society, not everyone has the same income or wealth. Some inequality is widely considered inevitable, or even desirable to incentivise effort. But even excessive inequality is widely seen as fundamentally unfair. Even President Obama described "dangerous and growing inequality" as "the defining challenge of our time".

Take the case of two people in a country in 1980, one with an income of USD 1 daily and the other USD 10. Let us say that the first person's daily income is now USD 10, while the second person gets USD 100. Even though both incomes have increased by the same percentage, and "relative" inequality between them has remained the same, "absolute" inequality has gone up from USD 9 to USD 90.

Inequality in historical perspective

Deidre McCloskey claims "the Great Enrichment" over the last two centuries has seen per capita incomes rise 10-fold, benefiting most, if not all. In response, Jason Hickel has exposed the Great Enrichment's slavery, colonisation and violent displacement of indigenous peoples.

A study found that "today's global income inequality levels are much higher than they were in 1820, irrespective if measured in absolute or in relative terms."

Relative within-country inequality in 1929 was similar to 1820, decreasing during 1950-1970, before rising from 1975. Globally, except during 1929-1950, absolute within-country inequality increased continuously, with large increases after 1950, growing faster after 1970.

United Nations University (UNU-WIDER) research found that both relative and absolute inequality increased substantially in North America, Europe, Central Asia, South Asia and sub-Saharan Africa during 1975-2010. But while absolute inequality also rose in Latin America and East Asia, relative inequality fell.

The *World Inequality Report 2018* revealed that the world's richest 1 percent obtained 27 percent of global income between 1980 and 2016. By contrast, the bottom half got only 12 percent. Today, more than half of humanity still lives on USD 7.40 a day or less, barely adequate for a decent life.

Oxfam's *Reward Work, Not Wealth* reported that 82 percent of the wealth created in 2016 went to the world's richest 1 percent, while the 3.7 billion people in the poorer half of humanity got next to

nothing. Oxfam notes elsewhere that now, "seven out of 10 people live in countries in which the gap between rich and poor is greater than it was 30 years ago".

The recent period has seen the biggest increase of billionaires in history, with a new one every two days, while billionaire wealth increased by USD 762 billion in the year to March 2017, an increase which could end global extreme poverty seven times over if well spent.

Rising inequality's implications

Studying long-term data, Nobel laureate Simon Kuznets suggested that economic development first raises and then lowers income inequality with the shift from agriculture, presumed to be characterised by modest income disparities, to industry,

inequality, enabling growth to take off. Meanwhile, over the centuries, high inequality in much of Latin America and the Caribbean—associated with colonialism, slavery and land ownership—has undermined growth.

'Inclusive' inequality?

Today, inequality is supposedly more "inclusive", with a growing global middle class even as national inequalities rise. Others term it "positive-sum wealth production", typically contrasted with "zero-sum wealth extraction".

Advocates decry "the perception that billionaires make money for themselves at the expense of the wider population", attributing their fortunes to successful investments, while highlighting their

e.g., Plato and Aristotle—and classical economists—such as Adam Smith and Karl Marx—have emphasised the adverse effects of inequality on the social fabric. High and rising inequality is not only socially unfair, but negatively impacts political stability, crime and corruption, even undermining democracy.

Nobel laureate Joseph Stiglitz contends that economic inequality "translates into political inequality, which leads to rules that favour the wealthy, which in turn reinforces economic inequality"; rising inequality inevitably subverts democracy.

As Farhad Manjoo writes, extreme wealth "buys political power, it silences dissent, it serves primarily to perpetuate ever-greater wealth, often unrelated to any reciprocal social good."



Protesters wearing yellow vests take part in a demonstration in Paris, France, February 16, 2019. The banner reads 'Exploited people, rise!'

PHOTO: BENOIT TESSIER/REUTERS

with larger income gaps.

However, the experiences of East Asian economies during their early phase of industrialisation challenged Kuznets' hypothesis. These economies grew quickly from the 1960s to the 1980s, without inequality rising. More recently, progressive redistribution lowered inequality and accelerated growth during the 2003-2011 Latin American economic boom.

Kuznets' hypothesis also implied that rising inequality is desirable because the rich save more of their additional income than the poor. Hence, income distribution favouring the rich should lead to more savings and investments, propelling growth.

But land reforms in China, Japan, South Korea and Taiwan reduced

philanthropy and patronage of the arts, culture and sports.

Rutger Bregman—who chided billionaires at the 2019 Davos World Economic Forum (WEF) for avoiding tax—has argued that societies should not rely on the generosity of the rich. "Philanthropy is not a substitute for democracy or proper taxation or a good welfare state."

Ambiguous politics of inequality

High and rising inequality is bad for sustained economic growth and poverty reduction. As the *2018 World Inequality Report* warned, "if rising inequality is not properly monitored and addressed, it can lead to various sorts of political, economic, and social catastrophes".

Some of history's greatest thinkers—

A recent Oxfam study has shown the many ways Latin American politics has been captured by the super-rich, with substantial financial backing for many new ethno-populist, racist and intolerant religious leaders.

The growing sense of vulnerability of many working people and seeming irrelevance of elitist social democrats have contributed to rising jingoist ethno-populisms in the rich West and elsewhere, blaming foreigners and other "outsiders" for their problems.

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