

The Daily Star

FOUNDER EDITOR: LATE S. M. ALI

President's criticism of VCs well-justified

It must be taken seriously

It is not usual for presidents in this country to be critical of public institutions. This is why President Abdul Hamid's scathing remarks about the nepotism, corruption and professional insincerity of some vice-chancellors (VCs) of public universities are quite refreshing. He shared his opinion during his speech at the 53rd convocation of Dhaka University on Saturday. The president recommended that all university recruitments would be based on merit and quality, and that transparency and accountability must be ensured.

It is sad, however, that this bare minimum of prerequisites of a public institution should have to be stressed upon after 51 years of our independence, and at a convocation speech at our most prestigious public university. We are, of course, relieved to see that as Chancellor of all public universities, the president has frankly pointed out this gross anomaly in many of these institutions.

But why, we must ask, has this anomaly been allowed to flourish for so many decades? What the president was alluding to was no doubt the extensive media coverage of various allegations against various vice-chancellors alleged to have misused funds, appointed family members as faculty, become involved in question paper leaks, remained absent from campus for long periods of time, and played an inactive or biased role when Chhatra League cadres were implicated in various crimes including sexual harassment, torture, murder, and assaults on general students.

Which brings us to the crux of the problem – political appointment of vice-chancellors – a practice noticed during all our successive governments including the present one. It is a given that a teacher has to be affiliated with a pro-government teacher's panel to be nominated for the top post. Not long ago, *The Daily Star* revealed that at least 39 out of 48 VCs of public universities held posts in different pro-government teachers' wings during their career. This means that the best candidates are not chosen for such a crucial post. In a scenario where public educational institutions are already plagued by the reign of terror of members of the ruling party's student wing, with the teachers and VCs largely politically appointed, how can we expect a healthy academic atmosphere? How can we expect academic excellence, ground-breaking research or a prestigious international ranking?

If one is really bothered about the health of academic life in these public universities, one can trace the cause of the disease to the politicisation of recruitment of faculty and vice-chancellor. The position of the VC is indeed exalted, because it entails an enormous responsibility to uphold the highest ethical values and academic standards of the institution. VCs are the most powerful leaders of academia and must lead by example. The government in power must, therefore, disassociate itself from the recruitment of such posts and ensure that these institutions function independently without political influence. At the same time, they must remain accountable.

Dhaka needs to fix its toilet crisis

Lack of public toilets in the capital and elsewhere is causing much suffering

It is astounding that for a colossal city accommodating about 20 million people, Dhaka has only a little over 100 serviceable public toilets, spread across the 129 wards of its two city corporations. What's worse, there is no public toilet in 36 of the new wards, as revealed by a report of this daily. So many skyscrapers and flyovers, but so few public toilets – Dhaka's questionable display lays bare the grim underbelly of the development journey of Bangladesh. The problem is felt by the millions of people – including women, children, people with disabilities, etc. – who must be outdoors for hours each day, as well as a large group of homeless people occupying the streets at night, all requiring basic sanitation services.

According to an estimate, while most toilets in Dhaka North are in use, one-third of the toilets in Dhaka South are unusable, indicating a crisis within the crisis. The numbers vary, of course, as there is no proper documentation. What further compounds the toilet problem is the problem of toilets without proper hygiene. Most are poorly managed, with users complaining about lack of basic facilities. This is perhaps to be expected with Dhaka North, as per another report, not spending a single penny on public toilets in the last fiscal year, while its southern counterpart spent only Tk 45 lakh on the construction of toilets during that time.

The two city corporations are responsible for the construction, renovation, maintenance and management of public toilets in the capital. Some NGOs also run mobile toilets. At the moment, a number of toilets are said to be in the process of being revamped, built or opened to the public. While this is good news, their impact is unlikely to be considerable, if the authorities do not improve overall toilet management and invest more in building and running them.

The importance of proper sanitation and hygiene cannot be stressed enough. Ensuring accessible sanitation is a core part of the Sustainable Development Goals (SDGs). Bangladesh, despite its progress in terms of access to clean water and sanitation over the decades, has been lagging behind other South Asian countries of late. According to the latest estimate by Bangladesh Bureau of Statistics, over two million people still openly defecate in the country. Although Dhaka recorded the lowest percentage in this regard (0.28 percent) among all divisions, it's not exactly a badge of honour either. The health implications of this are hard to ignore. Lack of public toilets is especially limiting for women and people with disabilities, with the "urinary leash" forcing many to stay indoors.

This is a totally undesirable situation for a country with a big economic ambition. We urge the authorities to take the toilet crisis seriously, not just in Dhaka but across the country. They must build enough public toilets for all outgoing men and women and must ensure those are properly maintained, with clean water on hand and sewage properly disposed of.

Loan defaulters are putting the banking sector at risk



MACRO MIRROR
Dr Fahmida Khatun is the Executive Director at the Centre for Policy Dialogue. Views expressed in this article are the author's own.

FAHMIDA KHATUN

Despite economic progress over time, Bangladesh's financial sector continues to be dominated by banks that stand on shaky ground and threaten the stability of the overall financial system. While the role of the banking sector in domestic resource mobilisation and investment is crucial for contributing to employment and economic growth, currently, it is not capable of fulfilling these objectives.

The burden of non-performing loans (NPLs) is one reason for this. As of September 2022, NPLs amount to a whopping Tk 134,396 crore – 9.36 percent of total outstanding loans in the banking sector (this was 8.96 percent in June). State-owned commercial banks (SCBs) have the highest share – with NPLs being 23.04 percent of their total outstanding loans.

High NPL constrains the fiscal space of banks by limiting loan expansion, forcing banks to forego interest on those loans as well. It limits their capacity to take risks, increasing the cost of funds, and also leads to capital shortfall since banks need to keep provisions to cover their NPLs. Return on assets and equity, and capital liquidity are affected as well.

The Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (December 2014) state that banks must maintain a minimum total capital ratio of 10 percent (or minimum total capital plus capital conservation buffer of 12.5 percent) by 2019. Our SCBs have failed to maintain these minimum requirements, which are meant to strengthen banks' regulation, supervision and risk management.

It has been argued that NPLs have increased due to global economic challenges, high inflation and post-pandemic circumstances making it difficult for borrowers to pay back loans. This logic is very weak, since NPLs have been high for several years. Also, there was a moratorium on loan classification during the pandemic,



ILLUSTRATION: STAR

meaning the current level of NPLs may actually be an under-estimation.

Clearly, the problem is deep rooted. Lack of good governance and accountability have encouraged wilful defaulters – people with power and political backing have taken advantage of the system to get away with swiping depositors' money while policymakers not only look the other way, but treat big-time borrowers with respect. If this does not change, the problem of NPLs may never disappear from Bangladesh.

Nevertheless, policymakers must consider certain measures to reduce this burden. First, there is no need for so many banks. While policymakers have argued this helps financial inclusion, the truth is that many bank licenses have been given out as political favours. Bank directors also use each other's banks to take loans out themselves, some of which become defaulted. And given that banks failed to act upon the government's directive of providing loans to small

and medium enterprises during the pandemic, it can be easily argued that a greater number of banks has not led to financial inclusion.

Second, many second and third generation banks are facing difficulties in performing. The Bangladesh Bank should appoint a strong administrator to monitor these troubled banks. There must be a structured exit policy

administered by Bangladesh Bank. State-owned banks are in desperate need of board members who are competent professionals with no political connections.

Fifth, the judicial process should be reformed so that cases of financial scams and irregularities are expedited. There should be a special tribunal for bank defaulters to ensure

speedy recovery of defaulted loans, and human resources should be increased to reduce backlog of cases. Additionally, the Bankruptcy Act 1997 should be strengthened to resolve such cases.

While the above are technical solutions to the problem, their success depends on strong corporate governance, because the problem is a structural one. If loans are given on commercial considerations, there will always be risks of default. If the central bank is not allowed to function independently, there will always be problematic decisions. Sadly, we are in a state where Bangladesh Bank cannot punish wilful defaulters. In fact, many of its decisions are actually influenced by these same people who thrive on depositors' hard-earned money.

The government will have to decide whether it will continue to give leeway to the dishonest, at the cost of risking the banking sector and the interests of the ordinary citizens of this country.

China and the US must escape both Thucydides and Kindleberger traps

They shouldn't forget their global responsibilities



Dr Sayeed Ahmed is a consulting engineer and the CEO of Bayside Analytics, a technology-focused strategy and management consulting organisation.

SAYEED AHMED

Henry Kissinger, the American geostrategy and foreign policy stalwart, in the book "On China" shows how China's national psyche is shaped by its 5,000-year-old written history and the mythology that portrays it as an eternal existence at the centre of the universe. In the third century BC, unified China became the "Middle Kingdom" and continues to be so in its collective memory, making every Chinese, including its current leadership, a part of their ancient lineage. History also tells the Chinese that it was always wealthy, powerful, and self-sufficient, except during the "century of humiliation" from the Qing Dynasty's subjugation to Japan and the Western powers in 1839 to the formation of modern China in 1949. Beijing believes it is their destiny to lead the world by 2049, the Communist Revolution's 100th anniversary, as set out in Xi Jinping's long-term vision.

Just as China is now, the US was also once in a similar position in the 19th century. James Monroe, fifth president of the US, in his 1823 annual message to Congress, warned European powers not to interfere in the Western hemisphere because by that time Washington had become a boisterous military power. Later known as the Monroe Doctrine, it soon became the mainstay of US policy in the neighbourhood. In 1865, it helped Mexican President Benito Juárez to defeat Emperor Maximilian, who was propped up by the French. In

1903, President Theodore Roosevelt threatened military intervention against Britain and Germany for laying siege on Venezuela to collect outstanding debts. In that same year, US Marines replaced the Panamanian government with secessionists and, soon thereafter, secured the right to the Panama Canal Zone in perpetuity. The Marines were sent to Santo Domingo in 1904, Nicaragua in 1911, and Haiti in 1915, every time to keep the Europeans out. Much to the discomfort of the smaller nations, Washington intervened militarily in South America in over 30 separate occasions to set things in its favour.

In 1917, the US entered the global arena during the First World War and helped Britain and France defeat Germany. Thereafter, with a mighty economy and military, it replaced Britain to become the new global leader. However, America didn't undertake the global responsibility that came with it, such as promoting security, financial stability, freedom of the seas, and free trade.

Thus, a superpower failed to play its due role in providing global public goods. It's a situation Harvard professor Joseph Nye termed the Kindleberger Trap, from the works of US economic historian Charles Kindleberger. The result was the economic chaos of the 1930s and the Second World War in

1939 that left Europe in ruins.

WWII ended in 1945, consolidating the US position further. This time, it emerged as the guardian of peace, institutionalised in the United Nations (UN) and its Security Council. Washington also formed the World Bank (WB) and the International Monetary Fund (IMF), the two Bretton Woods institutions, and spearheaded

In 1991, the Soviet Union fell, leaving the US as the sole superpower. In 2012, President Obama labelled China as America's greatest strategic threat, setting the stage for the classic Thucydides Trap, a term coined by Harvard Fellow Graham Allison.

reconstruction of Europe with a massive financial package, the Marshall Plan. The General Agreement on Tariffs and Trade (GATT) soon followed, which later transitioned into the World Trade Organization (WTO). In 1991, the Soviet Union fell, leaving the US as the sole superpower. In 2012, President Obama labelled China as America's greatest strategic threat, setting the stage for the classic Thucydides Trap, a term coined by Harvard Fellow Graham Allison.

Allison used it to describe a situation where an emerging power threatens to dislodge an existing one, the result of which is often war. To explain the US-China rivalry, he referred to the

Athenian historian and military general Thucydides, who argued that the Peloponnesian War had been inevitable because of the incumbent power Sparta's fears of Athens' increasing might. Allison showed that among 16 historical instances of an emerging power rivalling a ruling one, 12 ended in wars. Despite considerable criticism, the argument has since drawn much attention.

The US, meanwhile, again fell into the Kindleberger Trap, as it did in the 1930s. Washington's misadventures in the Middle East, Africa and Afghanistan didn't demonstrate its commitment to global peace and stability. Its unilateral War on Terror bypassing the UN came to be a catastrophic failure, causing more devastation and death than terrorism did. The current situation in Ukraine is yet another case of how global wellbeing is sacrificed at the altar of superpower ego.

That brings us to the question of whether China, the emerging power, can learn from US mistakes and take a more responsible stand on global issues. Ever since WWII, the US has been the rule writer and enforcer. Now, with the rise of a competing power that fosters a different set of values, all that is facing an enormous challenge. China's rise could prove to be history's biggest displacement in global power balance, and international systems must also shift accordingly.

As Singapore's former leader Lee Kuan Yew succinctly put it: "China wants to be China and accepted as such, not as an honorary member of the West." By accommodating each other and learning from past mistakes, the superpowers can become responsible leaders and escape both traps, Thucydides and Kindleberger. We hope Biden and Xi remembered that when they met in Bali last week.