

No excuse good enough for high prices

Why aren't local prices of essentials going down like global prices?

It is unacceptable that despite global commodity prices declining for 13 consecutive months, local consumers continue to be denied any relief from high prices. It is usually seen that as soon as commodity prices go up in the international market, traders rush to raise prices domestically, while the government tells us to accept it as inevitable. But when the reverse happens, traders are completely uninterested in lowering prices while the government, more worryingly, remains least bothered to investigate why domestic prices are not declining as they should, let alone address such price mismatches.

There are a few well-known reasons for the price incongruity. One is the depreciation of the taka against the dollar, which has made imports of commodities more expensive. The shortage of dollar is also making imports more difficult, thus creating a discrepancy between demand and supply. Additionally, the hike in prices of gas, electricity and energy have had a spill-over effect on all businesses and commodity prices. But the effect of all these issues could have been mitigated to a large extent – if not entirely – with better government policies.

Analysts have also pointed to other issues, such as a lack of competitive environment, control of major commodity imports by a few players, collusion among market participants, and a high profiteering tendency among businesses in the supply chain amid inadequate monitoring and enforcement by public agencies. Instead of pursuing policies that would increase competition in the market, the government, over the years, has prioritised providing special interest groups with benefits that has led to market monopolisation. And it is the consumers who have been paying the price. This, along with systemic problems that have been left unaddressed – particularly in regard to effective market monitoring – has led to a state where neither is the market functioning efficiently, nor are government agencies that are supposed to protect consumer interests being able to perform their duties satisfactorily.

True, the impact of external factors cannot be denied, but to blame high prices wholly on them would be wrong. A major part of it can be blamed on the government's failure to prioritise the interest of consumers and ensure good, accountable governance. Therefore, what we need desperately is a shift in government priorities, followed by policies that can promote greater competition in the market leading to lowering of prices.

How sincere are we to end child labour?

Government efforts to eradicate it are largely inadequate

It saddens us to see how government efforts to end child labour continue to be limited mostly to observing special days, arranging seminars and such gestures, while the plight of working children remains unaddressed. The World Day Against Child Labour, observed on June 12 each year, offers us a chance to revisit this issue and renew our commitment. There are about 3.45 million child workers in the country, according to an estimate. Of them, 1.75 million fall under child labour category. Most of them are engaged in hazardous jobs, while a significant minority of them are in highly hazardous jobs.

The question is, why is the situation so bad even though we have so many national policies and laws to eradicate child labour? How can underage children still be employed in hazardous jobs when the Labour Act 2006 specifies that the minimum age of employment is 14 and a number of sectors – steel rolling mills, plastic and metal factories, etc. – have been declared as hazardous for children? A joint survey conducted by the ILO and UNICEF on 709 factories has found that 41.5 percent of their total workers were children, between 10 and 12 years of age. So, what have we exactly achieved after being a signatory to a number of international instruments that aim to protect the rights of children? Clearly, very little.

While the government has been very keen in enacting laws, it appeared little interested in implementing them. In recent years, the number of child labourers has been on the rise mostly due to the impact of the pandemic – many students from poor households have dropped out of schools – but we have not seen any sustained and well-thought-out measures to reverse this trend. Such inaction is unacceptable. If the government is really sincere about ending child labour, it must change its laissez-faire approach to this issue. The government reportedly has a target of eliminating child labour by 2025. If that is the case, it must double down on existing efforts to achieve that goal.

LETTERS TO THE EDITOR

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Why kill the trees?

Trees keep us alive. If we each planted at least one tree, our environment would improve drastically. The other day, I came some surveys which said that more trees are cut down in our country than they are planted.

Trees play a very important role in regulating the temperature. Yet, despite boasting about its environmental policies, the government has done nothing to protecting our existing trees, and very little to plant new ones. It's high time the people took some initiative to change that. We have to consider the plight of our future generations and act.

SM Imranul Islam Rajon
Dhaka

Yes, Bangladesh's sovereign rating being downgraded is a big deal



THE OVERTON WINDOW

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With all the problems Bangladesh has right now, Moody's downgrading of its sovereign rating is one of the worst things that could have happened. It is likely to deal a massive blow to our economy over the foreseeable future. Yet, policymakers have remained unanimously silent over the matter.

The more unlikely reason for their silence could be that they are unaware of just how big a deal this is – which seems to be the case for the majority of our population. The more likely reason behind policymakers' silence, however, is that they simply wish to brush it under the rug (their most favoured tactic when it comes to dealing with just about any issue). But this will only do more harm than good.

The downgrade of a country's rating often indicates that the rating agency believes there has been a deterioration in the country's economic or financial situation, making it riskier for investors to lend money to or invest in that country – as was done in the case of Greece in 2011. It may also indicate that the country's ability to repay debt may have weakened, and there may be increased uncertainty regarding its fiscal health – as was done in the case of Sri Lanka in 2022.

The downgrade of Bangladesh's sovereign rating from B1 to Ba3 means that the country, from being "Judged to have speculative elements and a significant credit risk," is now being "Judged as being speculative and a high credit risk" by Moody's. Among the reasons given by Moody's for this downgrade are Bangladesh's institutional weaknesses – which extend beyond economic institutions and into the political realm, but have a cumulative impact on the overall economy nonetheless – and heightened external vulnerability and liquidity risks that are persistent. "Despite some easing, ongoing dollar scarcity and deterioration in foreign exchange reserves indicate continued pressures on Bangladesh's external position, exacerbating imports constraints and as a result energy shortages," the agency said.

In its report, Moody's also mentioned that the Bangladesh government has not yet fully reversed its import control measures and unconventional policies, including a multiple exchange rate regime and interest rate caps, which are creating distortions. As a combined result of all of the above, it expects the country's gross foreign exchange



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reserves to remain below \$30 billion for the next two to three years, with net reserves to likely be lower following Bangladesh Bank's commitment to the IMF to start reporting net reserves excluding the Export Development Fund (EDF) – which had been inflating our reserve balance on paper.

The downgrade will most definitely raise questions among foreign countries, institutions, and individuals as to the strength of our economy. Hence, foreign direct investment (FDI) into Bangladesh – an important source of acquiring foreign currency – which is already worryingly low, is likely to suffer even further, thus negatively impacting our long-term growth. Additionally, businesses will have to pay higher interest rates for loans from abroad, as lending to Bangladeshi entities will now be deemed riskier. Due to the fact that the government has been borrowing heavily from the banking sector, possibly "crowding out" private sector businesses from accessing funds, this may prove to be extremely damaging for businesses, whose borrowing options are becoming increasingly limited.

As managing funds from abroad becomes more difficult for the private sector, the deficit in the country's financial account – which is mainly responsible for the ongoing foreign exchange crisis – may worsen in the

recent rapid decline all the more concerning.

So, overall, what should we make of this downgrade, of what Moody's said, and of the government's silence in the face of it?

Firstly, there is the matter of confidence. The impact of Moody's decision to downgrade Bangladesh's rating will lower confidence in the country's economy, which plays a big part in how modern economies interact with each other. The government is silent because it realises that the effect of the rating won't be anything good, but it doesn't want to shake people's confidence in regards to its own performance – which is already abysmal.

Secondly, only a few months ago, Moody's had lowered the rating of Bangladesh's banking sector. In a sense, there aren't too many differences between how that would impact our economy, and how this recent downgrade will. And, while the government can blame external factors for our recent economic troubles all it wants, the fact is that poor government policies and unmatched corruption are at the real root of these troubles. A central factor which has contributed to both downgrades is the "looting" of our banks – leading to a liquidity crisis in the sector, among other things.

In its own assessment, Moody's

moral bankruptcy of our political class and the special interest groups it has formed a nexus with. And that is what needs to be addressed first.

Additionally, we need to move away from bureaucracy-driven policies which operate on the basis of control and command, and move on to market-enabling policies. We need an end to arbitrary governmental interference in the functioning of markets – which always results in the government manipulating the market to benefit special interest groups, and/or to veil its own corruption and flawed policies.

Those who are ideologically driven tend to think this means an absence of regulation. But that is not the case. What we need are fewer but consistent regulations that are implemented equally across the board. What we can no longer afford are inconsistent government interference in the name of regulating.

Finally, none of these can be done without addressing corruption. And this is not something that the government will ever do of its own accord – especially when it has already gone so far down the corruption rabbit hole. The people must find some mechanism of coercing the government to do so. And we need to do this soon, given the increasingly dangerous direction in which we are headed.

A legal and ethical justification of US' visa policy



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The introduction of a new visa policy for Bangladesh by the United States last month caught everyone off-guard, with both the ruling and opposition parties expressing support, albeit in varying tones. In essence, this visa policy dictates that US visas will not be issued for individuals who undermine democratic elections in Bangladesh through vote-rigging, voter intimidation, violence to suppress the exercise of rights to association and peaceful assembly, and measures designed to hinder political parties, voters, civil society, or the media from expressing their views.

Following the policy announcement, extensive debates erupted in the media regarding the motives and ethical justifications behind the US decision. Questions arose about how the US could monitor the electoral process in Bangladesh and enforce visa restrictions against those responsible for election rigging. While there are different opinions, the predominant belief is that the decision is linked to certain developments in the Indo-Pacific region, as the US seeks to deter Bangladesh from aligning with China.

Critics argue that the actions taken by the US in this regard could be seen

as interference in the internal affairs of another country. Advocating for democracy and human rights in one part of the world while supporting autocratic regimes elsewhere raises doubts about the consistency and sincerity of the US commitment to democratic principles. Such inconsistency can undermine the credibility of the US' democratic agenda and lead to accusations of double standards. However, it's important to acknowledge that foreign policy decisions are complex, influenced by multiple factors including strategic considerations, national security concerns, economic interests, and historical alliances. While these factors may explain the past support for autocratic regimes, they do not necessarily justify such actions from an ethical standpoint.

While the ethical considerations surrounding the US visa policy for Bangladesh are intertwined with the larger issue of promoting democracy consistently and coherently worldwide, embracing such a measure should be merited if it helps promote democracy specifically within Bangladesh. Ethics also revolve around determining

what is right and wrong, considering not only the outcomes of an action, but also the methods employed to achieve those outcomes. While an end result may seem advantageous, it does not automatically justify the use of unethical or morally objectionable means. The US has implemented a visa policy to pursue a goal that is not likely to cause any collateral damage to the majority of Bangladeshi people. Its impact will primarily affect a small group of individuals for whom a US visa holds significant personal, financial, and familial importance.

Manipulating election results is regarded as a criminal act in Bangladesh, as stipulated in the Representation of the People Order, 1972. In the US, the Immigration and Nationality Act, specifically Section 212(a)(2), prohibits the issuance of visas to individuals with criminal records. Therefore, the refusal of a visa by the US based on involvement in vote tampering in Bangladesh is legally justifiable. However, the legality of denying visas to the children or spouses of the individuals responsible, thus punishing them for the actions of others, falls in a grey area.

Many people are wondering how the US Department of State plans to oversee Bangladesh's election process and document the individuals responsible for election rigging, which is believed to involve a significant number of people. It is conceivable that their efforts will primarily concentrate on locating a select few influential figures as a means to dissuade others from partaking in similar acts, aligning with the deterrent

objective shared by most of the laws.

Visa officers have the option to utilise open source intelligence (OSINT), which is a commonly employed method for gathering information about individuals or organisations. OSINT involves leveraging sources like social media posts, news articles, and other publicly available information on the internet. Consular officers possess the discretion to consider a broad range of evidence when making visa decisions. The decision-making process involves carefully evaluating all available evidence and reaching a determination based on the overall circumstances. Visa officers possess significant discretionary authority to assess visa applications and establish the eligibility of applicants, including the ability to reject a visa application without disclosing the specific grounds for denial. They hold substantial legal flexibility as granted by the Immigration and Nationality Act when it comes to conducting their assessments.

For this policy to have a meaningful impact, it must be put to practice. While accurately predicting the exact consequences of this visa policy on the election outcome is difficult, it is clear that the US is strongly dedicated to ensuring a free and fair election in Bangladesh. The visa policy is just one among various tools at the disposal of the US government, and it is widely acknowledged that when the US is determined to accomplish a particular objective, it exerts substantial influence to make that happen.