

The Daily Star

FOUNDER EDITOR: LATE S. M. ALI

Climate funds stuck in a scam-ridden bank

How long till Farmers Bank pays back what's due?

In yet another harrowing tale of mismanagement and lack of accountability within our banking sector, the fate of crores of public money – allocated for climate change and its adverse effects on the environment and people's livelihoods – hangs in the balance, with no one seemingly concerned about it. Back in 2015, the Bangladesh Climate Change Trust (BCCT) entrusted Tk 538 crore to the then Farmers Bank Ltd with the expectation that this substantial deposit, coupled with accrued interest, would be returned within a year. Fast forward to 2023, and the trust has received a mere Tk 74 crore – only a fraction of the Tk 827 crore due. The situation worsened when Farmers Bank, now Padma Bank, successfully secured an additional eight-year extension from the Ministry of Environment, Forest and Climate Change to repay the money, leaving the BCCT in a perpetual state of waiting. Worse still, the bank reportedly now wishes to pay back the funds at a reduced interest rate of six percent.

The misadventures of Farmers Bank are old news by now. The bank, established in 2013, collapsed in less than three years because of widespread financial irregularities. More than Tk 3,500 crore was syphoned out of the bank, according to the Bangladesh Bank. It was later bailed out by the four state-owned banks and given a name-lift, but it continues to be riddled by poor management and bad debts. According to the central bank, as of March 2023, Padma Bank had a total outstanding loan of Tk 5,782 crore, of which Tk 3,427 crore were defaulted loans, representing approximately 60 percent of their total debt. It also had a capital deficit of Tk 400 crore.

In 2015 – the same year that the BCCT made the investment – Bangladesh Bank identified gross violations of banking rules in disbursing loans at the bank, including the involvement of its former directors in the scam. The question that has not been answered in so long is: why did the BCCT deposit its money with such an unstable financial institution in the first place?

As highlighted by Ittekkharuzzaman, executive director of Transparency International Bangladesh, it is telling that, despite the issue being discussed in parliament back in 2018, no attempt has been made to hold those who made this controversial investment decision to account. The saga also raises deep concerns about how public money, entrusted with various trusts, are being used and invested in the absence of any accountability mechanism. We urge the government and the relevant ministry to launch a full-scale investigation into the issue. Moving forward, they must stop being so lenient towards a scam-ridden bank and hold it to account for its egregious failure to pay back the dues.

Luxurious cars for a few, crisis for majority

Irrational government spending must stop

We are extremely disappointed that while the nation struggles with financial hardship amid the worst economic crisis we have faced in a decade, the government is indulging in luxury instead. On August 27, the finance ministry approved a proposal to spend Tk 380 crore to buy 261 new vehicles for deputy commissioners (DCs) and upazila nirbahi officers (UNOs), according to a report by Prothom Alo. As our foreign exchange reserves dip further, going under \$22 billion, the government has increased the budget allocation from Tk 94 lakh to Tk 1.45 crore to purchase an imported car and gratify government officials ahead of the general election. This decision, which will also put a strain on our record-high import bills, is completely unacceptable.

What's more outrageous is that many of the officials who have bought new expensive cars, with interest-free loans, also use vehicles that have been provided by the ministries. Why is the government allowing officials to buy new expensive cars when they are not even necessary? This harmful culture has allowed greed to grow in a cancerous fashion in the public sector. Now, the University Grants Commission (UGC) and upazila engineers are also reportedly sending proposals to buy new cars.

Since the government announced belt-tightening measures in 2022, government officials have embarked on banned foreign trips as part of projects, acquired lavish apartment buildings using taxpayers' money, and gotten away with financial irregularities in a number of public offices. It was hoped that the austerity measures would save Tk 23,000 crore and push down inflation, but unsurprisingly, the savings amounted to Tk 15,000 crore, and inflation rate continued to skyrocket.

The economic crisis we are in seems to only be reflected in the woes of ordinary people, with many of the previous austerity measures, such as bans on purchase of vehicles, being lifted. The rollback has paved the way for government officials to treat themselves with unwarranted grandeur. But it is beyond unfair that ordinary people will continue to suffer while public servants, who are meant to serve the people, continue to waste hard-earned public money. We, therefore, urge the government to take a much-needed firm stance against such unreasonable spending and reintroduce proper austerity measures – with accountability systems for non-compliance – to navigate the ongoing crisis.

LETTERS TO THE EDITOR

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Dhaka needs safer electricity lines

The heartbreaking incident of four people being electrocuted and killed in a flooded street is not the first such incident in Dhaka. However, we don't see efforts to make our electricity lines safer. Every time Dhaka gets flooded, the citizens have to move around at extreme risk. If waterlogging can't be solved soon, I urge the authorities to at least ensure that electric wires don't pose a threat.

Rubayat Amin
Dhaka

A country for the rich, and another for the poor



Anu Muhammad is a former professor of economics at Jahangirnagar University.

ANU MUHAMMAD

In recent years, Bangladesh has been grappling with a deepening chasm of inequality. While on the surface, macroeconomic indicators like GDP and per capita income have shown growth, the reality paints a starkly different picture.

The majority of Bangladeshi families continue to struggle with monthly incomes far below the newly-elevated per capita income in the country, which is claimed to be nearly \$2,800 per year in 2023, or around Tk 25,000 per month. This means a family with four members is supposed to earn Tk 1 lakh a month, but the harsh reality is that most households barely manage to make Tk 20,000 to 25,000. The rest of the supposed income clearly lands in the pockets of a few selective groups. This troubling disparity has been a long-standing issue, but in recent years, it has grown so pronounced that it's as if two distinct economies are operating side by side in the country.

For the vast majority of the population, expenses are climbing upward, real incomes are dwindling, and overall participation in the broader economy is waning. In sharp contrast, a small minority enjoys exponential growth in both nominal and real income. This group also accumulates assets at an astonishing rate while significantly influencing the overall economic landscape.

If we look at government documents (Household Income and Expenditure Survey of 2010 and 2022), we find shocking evidence of this divide. In 2010, the top five percent of earners of the population possessed 24.61 percent of national income, while the lowest-earning five percent held a mere 0.78 percent of the income. This translated to more than a 30-fold difference between the highest and lowest earning groups. Twelve years after 2010, the lowest earners' share shrunk to 0.37 percent, while the highest earners saw their share grow, from 24.61 to 30.04 percent. Disparity further widened, more than 80 folds, perpetuating an alarming trend of escalating inequality and creating a sharply polarised economy. The surveys also revealed a concerning trend – only the top 10 percent of the population has witnessed an increase in real income, while the remaining 90 percent saw their income stagnate or

even decline. We must keep in mind that only legally declared income of the wealthy group is accounted for here.

So, what fuels this ever-widening gulf? A substantial part of Bangladesh's population, including over five crore labourers in the informal sector, contends with precarious and limited income. A percentage of factory workers receive fixed wages that barely keep pace with inflation, leaving them grappling with financial hardship. Farmers and rural workers face extreme insecurity, and

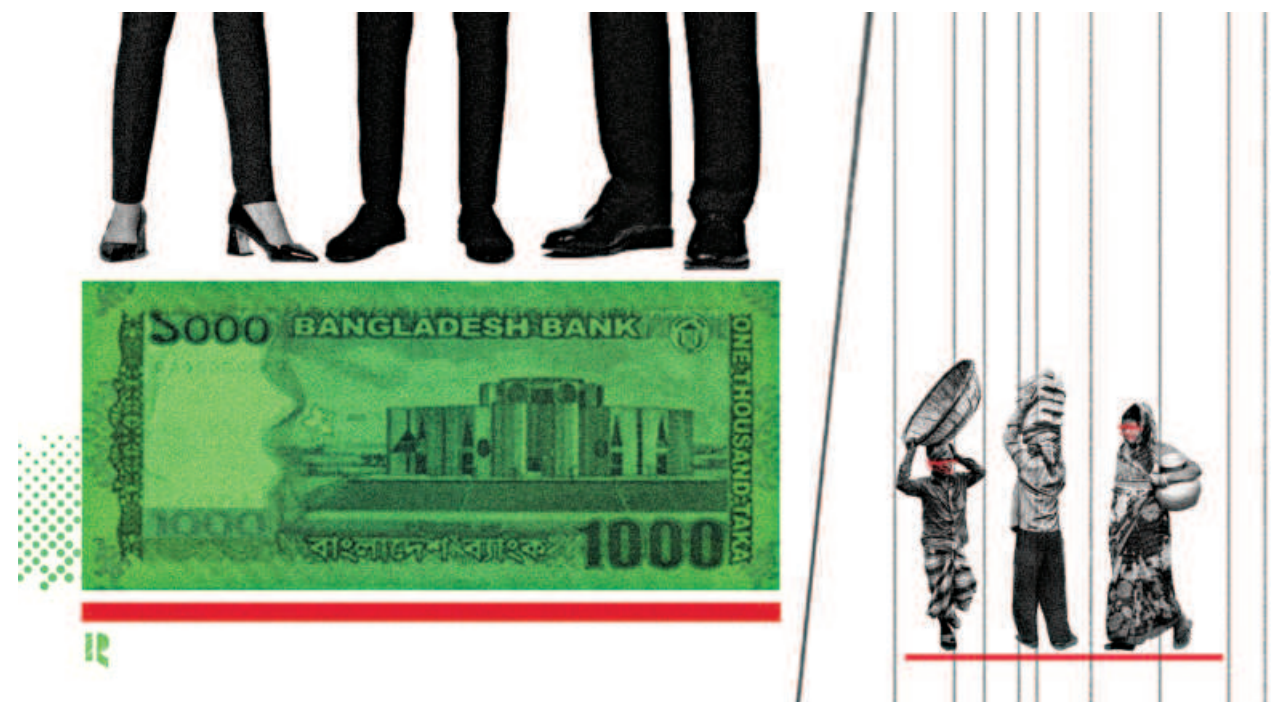
projects underscore this wealth disparity through their extravagance, inefficiency, and propensity for money laundering. Overspending and corruption result in astronomical costs, further exacerbating the inequality gap. Bangladesh now boasts a group of families, which have accumulated a mountain of wealth, similar to what we saw during the Pakistan period. Through the profits reaped within Bangladesh's borders, these affluent individuals have managed to establish themselves as some of the wealthiest in other countries. What's more striking is the preferential treatment these ultra-rich individuals receive from the government.

This economic polarisation has sown seeds of anarchy, destabilising the economy and subjecting the majority to immense pressure. Over the past few years, inflation has soared, impacting the majority; expenses for essentials like food have surged by 20 to 30 percent. The Covid-19 pandemic compounded these challenges,

visible when protests and dissenting views are being suppressed.

As we delve deeper into the socio-economic fabric of Bangladesh, it's important to recognise the multifaceted nature of this crisis. The roots of inequality extend beyond the economic sphere and touch various aspects of daily life, from healthcare to education, housing, transportation, security, employment and beyond. The situation has grown so pronounced that it's no longer a mere issue of income inequality; it's a crisis of access, opportunities, and basic necessities. While public infrastructures are in a dire state, the private sphere – luxury items, cars, food and entertainment – is becoming increasingly lavish by the day.

This discrimination and polarisation have left the majority vulnerable, with nowhere to seek refuge. They, the true owners of the country, feel disheartened, persecuted, and ostracised in their homeland. On the other hand, the rich minority, who keep



VISUAL: REHNUMA PROSHOON

other income groups, including many professionals, teachers, small traders and media workers, are also seeing their real income going down.

In contrast, the minority that centralises wealth experiences a huge surge in their income. Recently, for instance, the garment owners benefitted immensely from the devaluation of the taka, reaping substantial profits due to fluctuations in exchange rates. In sectors tied to the dollar, such as energy and power, a select few enjoy huge profits, while the majority bears the brunt of financial strain. Construction

leading to job losses, depleted savings, disrupted education, and soaring medical costs; and now, the price hikes are just adding to the misery. The dengue outbreak adds another layer of adversity for the working class, as medical treatment remains expensive and inaccessible. Public hospitals are struggling to cope with the influx of patients, and authorities have been slow to respond. High cost in private hospitals and price hike of medicine and saline have made matters worse. Strikingly, the government's absence is often noticeable when public interest needs protection, but its presence is

their assets outside the country, now wield significant influence within it. The situation takes a darker turn when the government lacks transparency and accountability. Such disparities are not just confined to specific sectors; they are deeply entrenched in the very fabric of our society. It's reminiscent of the regional disparities that once plagued Pakistan, where East and West Pakistan were distinguished by economic inequality. Bangladesh had fought against this discrimination and gained independence, but now, it grapples with discrimination within its own borders.

The many tactics of climate change deniers



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QUAMRUL HAIDER

After my article "Can we steer climate change out of overdrive?" was published in *The Daily Star* on July 10, a "retired academic" sent me a condescending email with the following comments. "As a Professor of Physics, you should know that humans have a very tiny footprint in the timescale of Nature. Humans cannot change Nature and Earth will dry up like others and possibly will become habitable again in billions of years." He advised me to "know the science better before you write something. I want you to look at the bigger picture and take a more realistic understanding instead [of] jumping on the political bandwagon."

My reply was: "Yes, millions and billions of years from now, we expect our planet to recover from the havoc created today by anthropogenic climate change. But should we be concerned about recovery billions of years from now, or should we be concerned about whether our future generations will have a liveable planet before the end of this century? Any right thinking person will be concerned with the latter." There was no rebuttal from him.

But the retired academic is not alone in denying human-induced climate change. During the first Republican presidential primary

debate on Fox News, which frequently promotes climate disinformation to its large cable audience, the moderators asked a question on behalf of young conservatives. "How will you as both president of the United States and leader of the Republican Party calm their fears that the Republican Party doesn't care about climate change?" Former President Donald Trump may not have been at the debate, but his parrot Vivek Ramaswamy, the entrepreneur turned politician, brashly called climate change a hoax. His answer triggered boos and jeers from an otherwise handpicked friendly audience. He nevertheless followed up by saying that the "anti-carbon agenda is the wet blanket on our economy," and farcically argued that "the reality is more people are dying of bad climate change policies than they are of actual climate change." If elected, he will unlock American energy, drilling, fracking, and burning coal. Unsurprisingly, his remarks align with the rhetoric of many Republican lawmakers.

A conservative group called the Prager University Foundation likened climate activists to the Nazis. The group posits that wind and solar power pollute the Earth and make life miserable. And recent heat waves reflect natural temperature cycles.

Based on these themes, the foundation produced videos for school children, which have been approved by Florida's education board for use in classrooms of public schools. According to the CEO of the foundation, the videos will rebalance schools that have been "hijacked by the left."

Along with the Republicans and

Along with the Republicans and other climate change deniers, a growing contingent of scientists and economists are calling into question the overwhelming scientific consensus that climate change is driven by human activities, primarily by burning fossil fuels.

other climate change deniers, a growing contingent of scientists and economists are calling into question the overwhelming scientific consensus that climate change is driven by human activities, primarily by burning fossil fuels. They say that the temperature data show no clear indication of global warming. One of their outrageous arguments is that scientists who believe in climate change fudge the data to not reflect reality, but to push their agenda and flawed theories of global warming. Moreover, some of them are questioning whether

temperatures are being measured properly, alleging that the media are confusing air temperature with ground temperature, which is generally higher. They further profess that carbon taxes and decarbonisation of our economy to prevent global warming will not result in a cooler planet, but rather will lead to mass poverty and lower standards of living for all.

Unable to contradict the preponderance of scientific evidence, some powerful interest groups have changed their modus operandi in order to delay the implementation of climate policy. They have switched from "science denial" to "solutions denial," claiming that solutions to slow climate change will not work.

Where is the money behind these false propaganda coming from? Although outright climate deniers are a minority, their tactics and tenor are supported by the fossil fuel industry, which spends billions of dollars to wage a coordinated campaign to influence public opinion against climate science and climate action. Some donors of the deniers are Donors Capital Fund, ExxonMobil Foundation, Vanguard Charitable Endowment Program, American Petroleum Institute and Koch Affiliated Foundations.

So what can be done to counter the cock and bull stories of this breed of climate change deniers? In order to counteract their irrational arguments, social and traditional media could do more to broadcast the views of experts, who are generally trusted by the public. Also effective will be preemptively refuting their falsification of proven scientific facts. These will help the public develop analytical skills to detect misinformation on their own.