

SPOTLIGHT ON BUDGET

Proposals Fall Short of Explicit Pledges

by Moazzem Hossain

THE government has proposed a 10.57 per cent rise in its revenue or current expenditures under the National Budget for 1991-92. With an anticipated inflationary rate at eight per cent for the forthcoming fiscal year, the growth in current expenditures will exceed the needs to absorb the price-rise effects on the revenue budget.

The higher allocation proposals under the revenue budget are somewhat inconsistent with what the Finance and Planning Minister Saifur Rahman has laid much emphasis in his 50-page budget speech (English version, in two parts) on June 12. And quite justifiably, he has driven home the need to contain the growth of revenue expenditures of the government to conserve more resources for investment support activities. Revenue or current expenditures are mostly unproductive in nature though, not necessarily, all avoidable. Nonetheless, restraints on growth of current expenditures are a circumstantial need in our context to maximise the use of available resources in the government sector for development-oriented and poverty alleviation purposes.

It was the phenomenal expansion of unproductive expenditures in the eighties under the fallen Ershad regime that worsened the fiscal deficit of the government, leading to investment cutbacks and greater dependence on external assistance with multiplicity of aid strings.

The Finance Minister has identified "the large size of the government" as "one important reason for growth of revenue expenditure — unproductive and consumption expenditure in particular." It is difficult to contain revenue expenditure without reducing the size of the government for which necessary steps will be taken, so how he highlighted the imperatives for curtailing the

bulging current expenditures. Governmental action, long regarded as an ally of development and even its principal impetus, has now come to be seen by a growing number of people including those in the developing countries as an impediment to growth. And, there are obvious reasons for this. The ruling Bangladesh Nationalist Party (BNP) government, as the Finance Minister has again reminded us all through his budget speech, is also firmly committed to an open market-oriented economy where the public intervention policy will be limited to poverty alleviation efforts and development infrastructure building activities, besides the normal law and order, and other interrelated functions.

The same amount of money could not be shown separately in the approved ADP for 1991-92 as block allocation. Such a provision would have been only reasonable on grounds of budgetary transparency, clarity and discipline when the government says emphatically that it is committed to enforce budgetary discipline and follow transparency, as opposed to ambiguity, in all its financial operations. Without such a course of action, it is not possible to address the problem of fiscal profligacy that ruled the roost under the authoritarian Ershad regime.

Until the time, the unexpected expenditure, shown in the revenue budget, is diverted

operation and maintenance, works (original) and other contingencies, belonging to the category of expenditure on goods and services. Interest payments on both domestic and foreign debts will involve Taka 1140.21 crore, about eight per cent of the total revenue expenditures. The expenditure bill on subsidies and other current transfers in the forms of subsidies on food-grains, other subsidies, Vulnerable Group Development and Test Relief, operational deficits of Bangladesh Railway and Post Office, transfers to Local Government, grants-in-aid and other transfer payments, and pension and retirement benefits will be Taka

which is the authoritative legal document for allocating resources is a one-year slice of a medium term expenditure plan. Its time horizon is short and it provides little scope for proposing and evaluating options, and is typically prepared under significant time pressure.

Yet then, it must be substantially linked with a medium term programme which promotes careful consideration of spending alternatives and provides some indication of the sustainability of the proposed revenue and expenditure plans. The proposed budget for 1991-92 does not give much indications as to how the government would link it through a firm plan of action to its medium term op-

eration would receive the highest allocation at Taka 1255.57 crore, followed by defence at Taka 1209.83 crore. The Health and Family Planning sector has been proposed an allocation of Taka 401.75 crore under the current expenditure. Similar allocations have been made for all other sectors in keeping with the normal budgetary practices.

One would like to note here that the allocations under the revenue budget cover traditional budget categories such as salaries, subventions, and operational maintenance charges for the available facilities. Such expenditures are not investments or development expenditures. Traditional line-item budgets useful in tracking spending in a narrow accounting frame, cannot however provide an adequate picture of the extent to which public objectives are met. Meeting the salaries, subventions and other operational charges, let us say, for the education sector do not necessarily raise the efficiency or quality of education itself. This calls for reclassifying the budget to reflect objectives and programmes and also for monitoring the performance by relating inputs to outputs.

The categorization of spending by programme, the emphasis on monitoring performance and the view of the budget as a planning and policy instrument remain central to better government budgeting for greater transparency and much needed public accountability. The budget for 1991-92, framed by a democratic government after long many years of authoritarian rule, has in this context fallen short of the expectations. This is particularly the case with its current expenditure proposals.

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In the overall expenditure allocation pattern for the revenue budget in 1991-92, there has not been much of any departure from the earlier budgets. This is particularly true about the economic classification of the government's current expenditure.

But, the budget for 1991-92, proposed by the government on its 84th day in office after being "chosen through a neutral election", falls short of its explicit pledges. This is particularly true about the expenditure proposals under the revenue budget.

In his post-budget press conference on June 13, the Finance Minister told the newsmen an unusual thing which was all the more unexpected from him because of his professional excellence as a Chartered Accountant and management consultant. The Taka 600 crore block allocation kept under head 179 — unexpected expenditure — in the revenue budget will be utilised for expenditures under Annual Development Programme (ADP) for 1991-92, if sufficient number of projects can be prepared, finalised and approved by the Planning Commission or the line ministries. If this is to be done so, one fails to understand why

to and reallocated for ADP through the revision of the latter's size on approval by National Economic Council or any other authorised body, one will have to take the proposed revenue expenditure of Taka 8083.25 crore, as it is, for any assessment of the overall budget itself. The current or revenue expenditure of the government for 1991-92 will then be Taka 773 crore higher than the revenue expenditure of Taka 7310.24 crore under the revised budget for 1990-91. Actual amount of such expenditures was Taka 6697 crore in 1989-90, according to the Memorandum, prepared by the government, for the Bangladesh Aid Group (1991-92). Viewed in this context, the objective of restraining the growth of current expenditure is belied by the proposed budget for 1991-92.

About 52 per cent of total current expenditures for the forthcoming fiscal year will be meant for pay and allowances,

2206.69 crore in 1991-92 compared with Taka 2391.79 crore under the revised budget for 1990-91. Excluding the deficit of departmental enterprises which are shown under receipts (in minus figures or negative amounts) in the revenue budget, overall subsidies and other current transfers will involve 27 per cent of total revenue expenditures in 1991-92. The unexpected expenditures of Taka 600 crore will account for 7.4 per cent of the aggregate current expenditures in the next fiscal year.

In the overall expenditure allocation pattern for the revenue budget in 1991-92, there has not been much of any departure from the earlier budgets. This is particularly true about the economic classification of the government's current expenditure. Admittedly there are some inflexible elements in such expenditures, allowing limited scope for any drastic curtailment in one single year. The annual budget

crational strategy. The link between medium-term programme and the proposed budget for 1991-92 remains, thus, in practice tenuous. This is well borne out by the provision made under the budget for meeting the deficit of Bangladesh Railway. The proposed budget allocated Taka 125.80 crore for 1991-92. The amount is only Taka 24 crore lower than the amount of Taka 149.13 crore earmarked for the operational deficit of the Railway under the revised budget for 1990-91. This is contrary to what the Finance Minister has mentioned about the urgency of actions to make the loss-making state enterprises operationally viable. Reduction of loss by only Taka 24 crore for one of the largest public sector bodies in 1991-92 does not certainly reflect this urgency.

The broad details of revenue expenditure, proposed for 1991-92, showed that edu-

Russia Goes the Yeltsin Way

Boris N Yeltsin's decisive victory in the first direct presidential election of the Russian Republic has once again revealed Soviet people's impatience with the pace of reform as pursued by Mikhail Gorbachev. By becoming the first ever popularly elected president in the 1,000 years history of Russia, Mr Yeltsin has proved that he is a political leader that Gorbachev can no longer ignore and whatever future there is for the Soviet Union, it will have to be worked out with his support.

Mr Yeltsin's victory really signals the death of communism in the very heart of the communist fatherland. Thorough rejection by the Russian Republic is bound to let lose other radical reform movements in the other 15 Republics, changing forever what has been the Soviet Union for more than 70 years.

It is widely believed that the reason for Mr Yeltsin's massive electoral victory is not so much because he captured the imagination of the Russian people but more so because he symbolised, as no other politician did, the rejection of the way the Russian Republic was being run for so long. Of the reforms that Mr Yeltsin championed, the promise of breaking down the central planning system and the introduction of the practices of free market economy have become the most popular ones. After he was elected chairman of the Russian parliament last year Mr Yeltsin introduced 150 reform bills, many of them remained unimplemented due to the non-cooperation by the central authority. This made the crux of his election platform — more power to the Republics and freedom to chalk out their own economic policies at the state level.

The slogan of free market economy seems to have become the panacea for all the ills of the socialist system. It is possible that market economy will solve many of their problems through greater investment, efficient management and higher productivity. But before reaching that stage the people will need to make a lot of sacrifice especially of many of the state subsidised items — like housing, food, health care and education — which the Russian people have gotten used to over the last several decades. As some of the other east European countries are learning it the hard way, the transition from their archaic centrally planned system to that of the capitalistic one, requires initial hardship on a large scale.

Gorbachev's reforms are considered too slow. While some consider Yeltsin's version to be too fast. That is where the danger lies. Except for saying what is wrong with the existing system, and what he is going to dismantle, the radical reformer has really not spelt out any policy directives of his own.

Mr Yeltsin's plans to run his own foreign relations, and his desire to establish independent links with Europe and the US are neither unrealistic nor without precedent. These matters could fit in well within the new order of things that are now sure to emerge in the land of socialism.

We hope that he will not fall into the trap of reforms for reform's sake without taking into account the absorptive capacity of the system and of the people. He must be fully aware of the viability of all the reforms that he plans to introduce. There is a fear that Mr Yeltsin's propensity to play to the gallery may push him to positions and promises that are not so well thought out. Mr Yeltsin today is at the door-step of a new dawn for the Russian Republic. It should not be marred by adventurism or thoughtless radicalism.

A Way to Live

Let us cut on child death to cut the population growth rate. That was the bottomline of Prime Minister Khaleda Zia's address on Saturday at the inauguration of the 'National Immunisation Week'. She has given expression to the best available wisdom about that strange correlation. It is going against popular — and vulgar — Malthusianism. How can we reduce our population growth by preventing children from dying? Isn't high child mortality a big benign factor inhibiting an otherwise as yet uncontrollable figure of population increase? Ershad wanted us to believe that the figures touted by his henchmen showed beyond doubt that the situation was well within control — and got some prize from some gullible UN agency for the dubious achievement. Shall we still take that figure for the truth? Whatever the figure truly is, child mortality must have had a hand in inhibiting it.

But the standard wisdom in the matter, as so aptly worded by Prime Minister Khaleda Zia, has as its source in the knowledge that couples go for half a dozen children and even beyond mostly because they cannot be certain that even two of them would live and care for them in old age and carry on the traditions of the family down to posterity. Through universal immunisation, which can now guarantee against death of any and all children, people could soon be certain that two children would be sufficient to fit to whatever they want of them.

Accepting the time-tested logic of the Prime Minister's counsel, we would however say that the uncertainty about survival is but only one — and perhaps of a peripheral import — of the factors leading to unwieldy population. All-pervading poverty — the depth of which the world has no idea about — and resulting uncertainty about life in general is perhaps a bigger contributing factor to our failure to rein in the population boom.

The child should be saved for purely saving's sake — for saving a human for all he or she will be worth. If on the sideline we get a bonus of lessened birth-rate, good. But the target is not to let a child die once it is born.

The Prime Minister, however, hit on the first need of the whole range of related affairs when she said, "We need a national commitment to save the lives of the children and ensure their development." Yes, that is the need — for Bangladesh to live and live on meaningfully. EPI — the Extended Programme for Immunisation, the 'Week' was a part of that — is going a long way to achieve that.

Waiting — and still Waiting — for Castro to Go

THE collapse of the communist system in Eastern Europe and in most of the Third World raised hopes among the more than one million Cuban exiles here and in the rest of the country that President Fidel Castro would also fall. A year later the collapse of Castro's communist administration has not materialised.

Ambitious plans, drawn up with the endorsement of the state of Florida and the federal government, assumed an early change of government in Havana and anticipated the benefits of a conversion from communism to capitalism.

But while the Castro regime has been badly buffeted by the winds of change that have blown through Europe and forced to impose severe austerity measures, it stays firmly in control.

In this city, which is dominated by Cuban exile politics, eager optimism has gradually reverted to the earlier belief that real change will take place in Cuba only after Castro is off the scene.

Thus, a flurry of activity last year premised on his imminent fall has given way to efforts to prepare for a Cuba after Castro. That, it is said, has been the topic of meetings between leading Cuban exile Jorge Mas Canosa and officials from Havana.

Mas Canosa, president of the influential Cuban America National Foundation, told the media he and colleagues had been in touch with Cuban officials "over the last two years with a substantial number of high-ranking Cuban government officials who are close to Castro."

Why this information is being made public only now is anybody's guess. It could be an effort to keep the vibrancy in exile politics at a time when disillusionment is creeping in.

The foundation also announced creation of a 23-member commission charged

Mohamed Hamaludin writes from Miami

discussing is why they believe that, living in the United States, they have a mandate to dictate the course of events in a post-Castro Cuba.

The foundation is essentially comprised of white

trying to do so through remote control.

Mas Canosa even dealt specifically with the sale of government assets in a post-Castro Cuba. That, he said, will bring in \$15 billion.

There are other indications that the optimism for speedy change has been lowered. Florida's Secretary of Labour, Frank Scruggs, speaking at a university graduation in May, was careful to say: "Cuba will become free in this decade."

And even President George Bush seemed to be accepting the reality of Castro for some time to come in a message on May 20 marking Cuba's 89th independence anniversary. He called for "freedom and democracy, Mr Castro, not some time, not someday but now."

He added: "If Cuba holds fully free and fair elections under international supervision, respects human rights and stops subverting its neighbours, we can expect relations between our two countries to improve significantly."

Havana studiously ignored the "challenge", as Bush called it. In fact, in recent months concern here in Miami and at the federal level has centred on what the press dubbed the "silent Mariel" — a reference to the increasing number of refugees who have made their way to South Florida in a matter of months.

Some 700 have come ashore so far this year on rafts, inner tubes and fishing boats, against 467 all last year, 391

for 1989 and 59 for 1988.

It is a far cry from the 125,000 who fled Cuba 11 years ago through the Port of Mariel and whose resettlement is estimated to have cost \$300 million. But observers detect in the trend the same pattern of events that led to the Mariel boatlift.

Speculation here is that Castro, as he did in 1980, is easing travel restrictions as a safety valve for his regime, offering an opportunity to those who want to hazard the trip across the sea.

So strong is the feeling that the City Manager of Miami, Cesar Odio, himself a Cuban American, has told Washington that the area cannot handle another flood of refugees.

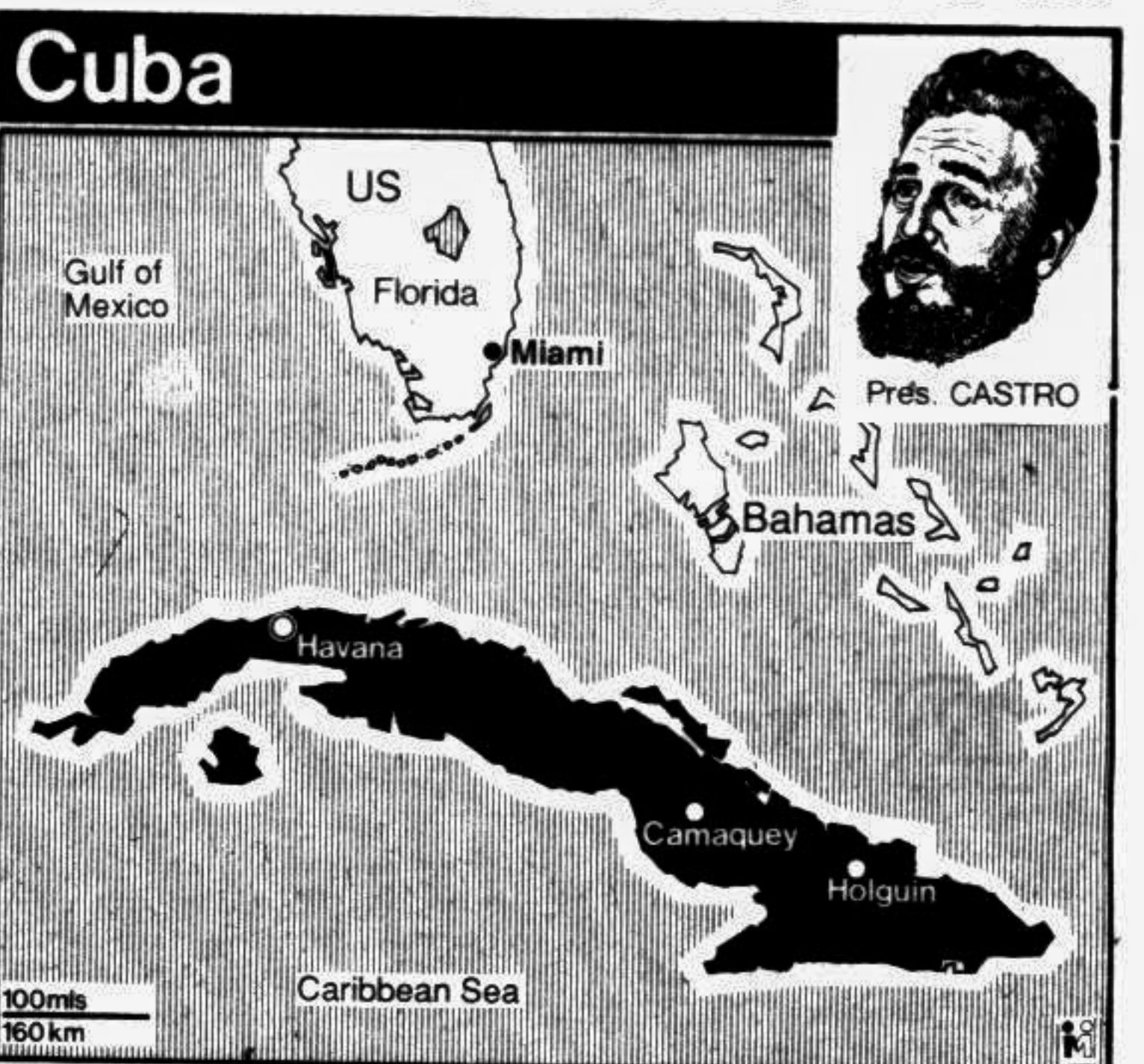
State Department officials do not share the view that Castro will again dump some of his people on Miami as an alternative to instituting reforms. However, officials have

confirmed that a plan was drawn up after the 1980 experience to deal with such an eventuality.

Coast Guard spokesman Lt. Cmdr. Jeff Karonis would not disclose details of the plan, except to tell the press that it includes responses of the various agencies in any "mass exodus scenario." Unnamed federal officials have insisted that the US will not permit a repeat of Mariel.

But bearing in mind the vast number of Cuban exiles living in the South Florida area — estimated at nearly a million — sentiments will run high in favour of admitting refugees if another "mass exodus" takes place. — GEMINI NEWS

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with working out a blueprint to convert Cuba's economy to capitalism, said Mas Canosa. The group includes Arthur Laffer, a supply-side economist; William P. Clark, former national security adviser to President Ronald Reagan; Jeanne Kirkpatrick, former US ambassador to the United Nations, and Ileana Ros-Lehtinen, the first Cuban American elected to Congress.

What Mas Canosa and his colleagues have not been dis-

Cubans, while one result of Castro's three-decades-old revolution is that Afro-Cubans have moved into positions of influence in Cuba and into the socio-economic mainstream from which they were virtually locked out in the past.

The general feeling in Miami is that Cubans at home are also aching for democratic reforms but that many will be hostile to those who fled during the hard times trying to go back and dictate events, or

To the Editor...

Violence on the campus

Sir, The students played a role of vanguard and harbinger in the struggle against autocracy. But campus violence or anarchy which has become a regular phenomenon has vitiated the academic atmosphere and tarnished this heroic image of the students. The turmoil created by the students on the campus has generated anger among people and even tends to disrupt the long-cherished democratic transition. The iron-like unity and invincible spirit of the students which prevailed during the anti-autocratic movement showing the world that the Bangladeshis have caught the theme of democratic wave now sweeping the world, was expected to get precedence over their own interests.

The abrupt closure of universities following the deteriorating law and order situation on the campus is grossly disruptive of the normal functioning of the institutions and would deprive the students of

their right to pursue higher education and create eventual session jams. No surprise, a group of students who believe in the rule of terror foment such violence to fulfil their self-interest. But the entire nation has reached a consensus on the eradication of violence from the campus at any cost. It has attained a widespread attention as violence exploded in spite of autonomy of the university. The assault on Matur Rahman Nizami has shown the intensity of intolerance of the students. I would not deprecate those students who were implicated in such an incident. There might be many causes which compelled them. But it is both miserable and inamicable to beat Nizami who delegated his party and took part in the meeting which was convened to discuss the maintenance of law and order on Dhaka University campus.

It also proves the laxity of the concerned authorities. Through the fall of autocracy we have been able to ensure our freedom of speech and ed-

ucation. But the brutality or atrocity of any group of terrorists which is likely to destroy the democratic norms and spirit cannot be acknowledged at all. If they have any demand they should place it before the government.

Even after twenty turbulent years of nationhood the university campus is still referred as an "arena of violence and anarchy." Lack of political direction of the major political parties still mar the solution of such a chaotic situation. Certainly such persisting violence as in our universities are not frequent and occasional in other universities of the world. Now time has come to overcome the situation with a neutral and non-partisan approach. We would like to urge the political parties not to involve those who create terror and violence. Now, if an immediate solution is not found out it will be hard and tough to save our generation from decay. Above all the terrorists must abandon their idolatrous attitude and at the same time, surveillance should be maintained so that

violence cannot occur anymore.

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City traffic

Sir, The letter appearing in your "Opinion" column of June 7, under the caption "City Traffic — A Few Suggestions" is appreciable. I thank Mr H R Chowdhury for writing this timely letter.

After the formation of the new government in the country, it appears that all on a sudden law and order situation is being created by a quarter in a move to destabilise the government.

If we can make people on the road abide by the traffic rules, it may gradually compel the public in general to follow other laws. However, much of the responsibility of 'motivating' them, naturally, lies with the administration.
M Saleem Ullah
Motijheel C/A, Dhaka.

OPINION

Rain and Slum-dwellers

If I am not incorrect, it is raining in Dhaka city since 29th April. We are experiencing shower, often downpours, almost every day. While we were ready to stretch our helping hands towards our helpless brothers and sisters, affected by the cataclysmic cyclone and tidal bore, we ourselves have become the victims of a prolonged cloudy weather and rain, and that in a city getting typical of waterlogging. I do not include the fortunate rich class who drive cars, have dozens of

clothings to change and have little to bother about weather — in their built up infrastructure — in the sufferings. However, I am writing more to mention about those who have to earn their livelihood on daily basis — the hawkers, the rickshaw pullers, push-cart drivers, the day-labourers, the lower-ebb service holders who have to move by bus or walk to reach their places of work and mainly, the slum dwellers.

Before going to bed I saw the night-sky — without stars, full of cloud just ready to start the shower or downpour. — having no consideration for the poor under-privileged people who live by the side of a road or in a slum, under a thatched roof which has no mechanism to withhold the downpour. How would they sleep, and have been sleeping. I wondered! After some time the road would be submerged by water rising to the level of their beddings, and whatever they have inside the room would be soaked. I know most of them have one or two sets of clothings which they wash, dry and change. How long they would be able to sustain without changing? What about their sanitary facilities? Generally

they use pavement of a road side for that and the sun takes the responsibility of drying it up, at least minimising the chance of spoiling the environment. Then the important question of cooking. The slum dwellers have no access to gas. They cook by the road side and use dry branches and leaves as fuel. Where have they been working under the circumstances and from where arranging the fuel which they collect from roadside trees and parks of the city?

All these questions should be answered by effecting relief and rehabilitation for all our citizens in need. The slums of Dhaka city are the results of thoughtless indifference and lack of planning on the part of our government machineries. And the conditions, unbearable that is, have been accentuated over the past years. But now, when a full-fledged democratic government chosen by these people holds the helm, they have a right to have some privilege to survive above inhuman condition. While our government is busy in rehabilitating the victims of cyclone, it may broaden the area to take the project of rehabilitating the floating population of Dhaka city and other urban centres too. We would find that majority of them are also the victims of natural disasters that occurred earlier. Some more would add to their number this time too. If the present government used some portion of donations received this time for these victims, I don't think people would consider it unfair or immoral.

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