

M.M. AKASH

THE budget for the fiscal year 2013-14 was submitted in the Parliament on June 6 by our octogenarian Finance Minister Abul Mal Abdul Muhit. Since then, numerous comments have been pouring down in the media, and those who have been following these comments carefully are bound to have become thoroughly confused because of their mutually contradictory nature.

Let me substantiate this point first before I try to clear/add some more confusion to the stock.

The main opposition party met the press after the budget speech and immediately asserted that the budget size was too large in order to be implemented successfully and this "huge" size reflects the popular imperatives of the future national election.

In other words, according to them it is a populist budget.

On the other hand the various spokesmen from the ruling party has been claiming that the budget size has grown normally along with the growth of the size of the economy as reflected in the steadily growing GDP (6% rate) in the past years. If anybody wants to take a reasonable standpoint on this issue, one will have to check first the relevant figures for the last four fiscal years related to our GDP growth and the growth of the Budget Size. (The relevant data is available in Table 9 at page 171 of the budget speech of our finance minister.)

From there we find that in the year 2008-09 the budget size had been Tk.89,194 crore which is only 14.5% of that year's GDP. And, this year, the proposed budget size is Tk.222,491 crore (i.e. almost 150% more!) and it is estimated that if the real GDP grows in this year as projected (i.e. 7.5%) then this budget size will be about 18.5% of the estimated GDP of 2013 FY.

If the growth projection fails then the proportion will be higher. But one may always argue that in a transitional developing economy like ours, promising to become a medium developed country by 2020, the proportion of government expenditure can easily be boosted up to a level

To have a 7.5% growth of real GDP the required investment will have to be raised from the current 24% of GDP to a level of 30%, if and only if the incremental capital-output ratio remains as before.



somewhere between 20 to 40%; depending upon whether the state money is really used for productive purposes by the state.

One can also draw attention to last year's figure which shows that the figures have remained roughly same (18.4% of GDP in 2012-13 and 18.7% in the current fiscal year).

Thus we can certainly say that the budget size is not the main issue. Nor is it a question of popular election imperatives or so called ambitious nature of the budget. All these claims and counter claims hinge upon what is actually going to be the realised rate of GDP growth in this politically tumultuous year -- whether the money can be properly used by the State or not.

The main issue is the growth projection of the current budget and here one should probe into the underlying assumptions to find out how realistic those assumptions

are? Growth rate of the GDP will directly depend upon two things: The amount of investment forthcoming and the productivity of the investment or more technically the marginal capital -- output ratio that could be achieved or at least maintained.

To have a 7.5% growth of real GDP the required investment will have to be raised from the current 24% of GDP to a level of 30%, if and only if the incremental capital-output ratio remains at least as before.

CPD and some donor agencies have indirectly suggested that the present government has been clearly failing in the sphere of mobilising productive investment from the private entrepreneurs due to various governance problems.

Furthermore, because of lack of physical infrastructural facilities, the new entrepreneurs, local or foreign, are also not interested to invest. Some big players and/or owners of

black money (According to our FM the black money is to the tune of 40 to 80% of our GDP!) are also diverting investible fund to foreign countries too.

The financial sector corruptions, popularly named or associated with a few rich houses supposed to be in the good book of the government has diverted a huge amount of money and no trace of that money could be found till now.

Moreover, banks are generously lending money to the loosing corporations of the state without ensuring proper monitoring of them and all these above mentioned negative tendencies together have raised the interest rate of the loans for private investors to a level of 20 to 22%. Thus the final conclusion is that a 7.5% growth will not be possible to achieve because of the lack of requisit investment.

Let us now see the counter arguments against these dark predictions. In the concluding chapter of his budget speech our octogenarian FM claims that "Bangladesh now has a strong economic footing" (P.116). According to him, poverty has declined considerably and he also claims that even inequality has decreased during the tenure of his government!

About "inequality" we cannot be sure, but it is true that there has been achieved significant progress in the agricultural sector as well as in the field of education; health, remittance earning and garments sector export.

Six percent steady growth achievement for the last few years despite the world wide recession is not a small thing. But what are these achievements actually showing? I think they only show that what a bright future we are missing by not addressing effectively our governance and corruption problems mentioned above.

And let me end this brief commentary on budget-2013 with a last cautionary warning about the huge opportunity cost we may endanger if in this critical transitional period two of our main political parties get engaged in a hopeless self-destructive politics of conflict and corruption.

The writer is a Professor at Department of Economics, Dhaka University.

MD. ASADULLAH KHAN

WITH two centuries of an unprecedented population boom, likely to reach 9 billion by 2050, land degradation by human activities and climatic upheavals poses a threat to food security, especially in a land-scarce country like Bangladesh.

Historically known, it took the human species about 1,50,000 years to reach the 1 billion mark around 1800. Since then an additional 6 billion (!) have been added to the headcount -- reaching 7 billion in 2011.

In such a grim scenario, it is apparent that soil, like water has become a fundamental resource but it is being degraded. The process of soil degradation can take different forms: hydraulic erosion, wind erosion, changes in the soil's composition and physical degradation. Most people in our part of the world do not know that over 50% of the land that has been degraded by deforestation are situated in Asia and 15% are in South America and. At the same time, 37% of the soils are degraded by inappropriate agricultural practices in Asia.

According to Lester Brown, founder president of the World Watch Institute, a third of all cultivated land is losing its arable layers faster than it is gaining and this lessens its productivity. Using pesticides and chemical fertilisers destroys soil fauna; necessary for aerating soil. The well-known consequence of this phenomenon is runoff which causes floods and mudslides. Irrigation and soil drainage can cause acidification and salinisation whilst the use of chemical fertiliser and pesticides contributes to reducing soil capillarity (runoff) as well as its consistency.

Soil provides living things with food, fibre and fuel. Since late 1940s to early 1990s, over 90% of the degradation of productive land was due to deforestation, overgrazing and inappropriate agricultural practices. Food & Agriculture Organisation (FAO) estimates that the world lost 94 million hectares in the last century. The land is under greater pressure in Bangladesh where a population of 160 million crowds into a 65,000 km of land area.

Land holdings have shrunk and are now typically divided leaving only a scant share among the heirs. As the country's population has exploded, the land has been subdivided so many times that the share per family is not enough to feed a family of five.

Much of the world's land is too rocky or arid or salty for agriculture. And forests that haven't already been cut deserve protection: they harbour the habitats of earth's endangered wild life. According to Washington-based World Watch Institute, the average amount of grain land per person in 30 years has dropped from 0.2 hectare to 0.1 hectare. Happily, a boom in agricultural productivity contributed by HYV variety of seeds, fertiliser and pesticide



To meet the needs of burgeoning population, farmers around the world boosted their yields and fought against desertification by using heavy doses of fertiliser and irrigation water and also pesticides to protect crops. But that strategy has been counterproductive.

has kept the burgeoning population fed.

While wars have always been fought over territory, the future may see green wars triggered by degradation and shortages of such basic resources as topsoil and water. The consequence has been the mounting pressure on woodlands, especially tropical forests that are the reservoirs of the majority of earth's animal and plant species.

According to FAO, 100,000 sq.km of tropical forest is lost every year. It is worth noting that great bulk of forest destruction has taken place since World War II, hence coinciding with the massive acceleration of economic development within the Third World countries.

In Bangladesh, the massive assault on the Sundarbans, Madhupur forest, forest lands of Sylhet and Chittagong has invited drought, and desertification process of the already fragile land.

Top soil loss is manifested in the deterioration of soil surfaces by erosive forces, especially water, wind, glacier etc. Erosion also degrades soil's structure and diminishes its water holding capacity -- the greatest damage to the soil

comes from water and wind erosion. Water erosion affects 25% of land in Bangladesh. Accelerated soil erosion has been encountered in the hilly regions of the country, which occupy about 1.7 million hectares.

Bangladesh Agricultural Research Institute (BARI) recorded soil loss of 2.0 to 4.7 ton per hectare per year in different parts here. This soil loss manifests depletion of significant amount plant nutrients from the top layer causing a tremendous soil degradation.

Where 25% of any country should be forest land, Bangladesh has now only 9%.As a region loses its forest, it loses its ability to trap and absorb water, and so run off from denuded woodland worsens the natural process of soil erosion. If at the same time farmers harvest the crop year after year, the soil is constantly exposed to wind and water.

Studies from Indiana and Illinois have shown that in badly eroded areas an estimated 24% of their inherent initial productivity for corn is lost. Most importantly, intact soils 'DO' store a great deal of carbon -- about 45 times more than is stored in all plants -- and so they are very important

in terms of global carbon budget functioning largely as a net sink for carbon dioxide.

To meet the needs of burgeoning population, farmers around the world boosted their yields and fought against desertification by using heavy doses of fertiliser and irrigation water and also pesticides to protect crops. But that strategy has been counterproductive. Agricultural chemicals may gradually poison the soil, and irrigation also deposits a harmful residue. When the water evaporates it leaves behind various salts. They contribute to the natural build up of salty compounds in the soil and the salinity process can ultimately render the land useless for farming.

Farmers are fighting against all odds to raise farm production and keep people fed. Lester Brown notes with concern that farm production has been stagnant for the last one decade because of water scarcity and diminishing returns from the use of fertiliser. Optimists harbour the hope that the prospect would not be as depressing since the world's farmers have kept pace even though the world population has doubled since 1950.

To meet the challenge of another doubling of population may not be so simple. But the prospects of green revolution are very impressive and they include not only fertiliser and irrigation but also salinity-tolerant, and hybrid strains of crops that yield more productivity per acre. And evidently, modern agricultural methods are yet to be applied on much of the land in poorer countries.

Leaving aside the population problem, there is hardly any contradiction about the fact that world hunger has more to do with war, poverty, poor technical skill, and poor food distribution than with the failure of achieving needed production by the farmers. The core problem is that this poverty is often self-perpetuating. So says Robert Brinkman, chief of the UN- affiliated Food and Agricultural organisation, "When people get poor, they put pressure on the land and then they get poorer."

But land degradation is not always an irreversible phenomenon. FAO projects in Peru working with The Netherlands technical group achieved encouraging results. The model project was launched in the Keita Valley of Niger in the late '80s with the goal of reclaiming 5,000 sq km once fertile pasture irrevocably damaged by flooding and grazing.

Keitan men who were migrating for six months in a year worked in the project to build anti-erosion dams to reduce run-off. Trees were planted as wind breaks and riverside water sponges. By 1990, 2,000 sq.km had been reclaimed and wild life had returned. With the increase in yield in farm sector once blighted, a seemingly hopeless region became a vibrant economy and a going concern.

The writer is a Columnist for the The Daily Star.
E-mail: aukhandk@gmail.com

ACROSS

1 Possesses

4 Cribbage scorer

7 Ringlet

8 Preclude

10 "M*A*S*H" setting

11 Scents

13 Kitchen pair

16 — and outs

17 "The — Show With Jon Stewart"

18 Whopper

19 Citi

20 Marching music-makers

21 Topper for Miss USA

23 Rushmore or Rainier

25 Responsibility

26 Cried

27 Lawyers' org.

28 Memo-rable mission

30 Shooter ammo

33 13-Across, e.g.

36 African desert wind

37 Ointment

38 Military subdivision

39 Unattractive

40 Mauna —

41 More, to Manuel

DOWN

1 Throws hard

Solution time: 21 mins.

JAWZ MAP MEIN
ECHOXO UNIO
FEET SAINIUM
FREEDOM AISEL
MAN TAN
IRONY KINGDOM
FAR VIE IRE
STANDUMTMEET
FATMA BOREDOM
ATANDROM NAVE
DOER NUB CLAN
SPED ATE HELED

Yesterday's answer 5-1

2 Neighborhood

3 — spoken :: libel :

4 Danger

5 Black wood

6 Ready for action

7 Quarter, e.g.

8 CSA president

9 Overcoat sleeve

10 Japanese pond carp

12 Epithet for Simon Templar (with "The")

14 Information

15 Scarlet

16 Spring month

20 On the other hand

21 Big brass

22 Slanted, as

23 Viral Web phenom

24 One skilled in playing dead

25 "— Kapital"

26 Goes up a few degrees

28 Worship

29 Parkinson's treatment

30 Doctor's orders?

31 Jealousy

32 Iron or Bronze

34 Out of control

35 Long story

CRYPTOQUIP

J C S Q Y O V E I L I D Z O W
J K U Q R R J E G I C Q S Q L R Y K I C N J R
N Q Z Z J E G I P D C I Z W U Q Z Z J V O L
J C Y R F D W C Q Q Q Z Y I G J L O

Yesterday's Cryptquip: WHENEVER OLD-TIME AMERICAN HUMORIST ROGERS CAUGHT A VIRUS, I'D ASSUME THE RESULT WAS ILL WILL.
Today's Cryptquip Clue: C equals T

BEETLE BAILY

by Mort Walker

MY WIFE GOT ME THIS GREAT SET OF GOLF CLUBS!

I WAS WORRIED SHE DIDN'T WANT ME TO LEAVE THE HOUSE TO PLAY GOLF

HE DOESN'T GET IT. SHE'S DYING FOR HIM TO LEAVE THE HOUSE AND GIVE HER PEACE!

10-12

©2011 by King Features Syndicate, Inc. Word rights reserved.

HENRY

by Don Trachte

YOU DISOBEYED AGAIN, HENRY!

?

RING RING RING

DO I WANT TO SEE YOUR NEW FUR COAT? I'LL BE RIGHT OVER, DOT!

SMACK

10-12

©2011 by King Features Syndicate, Inc. Word rights reserved.

QUOTABLE Quotes

"The rights of every man are diminished when the rights of one man are threatened."

John F. Kennedy