

BUDGET 2013-14

A glass half full or half empty!

DR MAHFUZ KABIR

BUDGET 2013-14 has been placed in the Parliament for discussion, not debate per se. In the midst of lower growth of 6.06 percent than the projected 7.2 percent, low private investment, low private consumption, and less vibration in the domestic economy, there was no hype from the finance minister to present something from a 'magic lamp'. Even then the size of the budget, Tk 2.22 trillion, increase of 16 percent, still remains within the purview of Medium Term Budgetary Framework, which was not necessarily a big jump because such a public spending is seen to be the instrument of attaining the projected growth in the forthcoming fiscal year.

But can we call this budget overambitious? Perhaps not because the economy could have reached close to the target unless the exercise of 'democratic rights' by the political parties did not jeopardize the economic potential from the outset of this calendar year. Now the budget's big public investment plan of Tk.722 billion, albeit with some doubts about its implementation, can be seen as a positive instrument for economic expansion in the next fiscal year to tap the unrealized potential and a space for attracting more private investment.

The revenue target of Tk. 1.74 trillion, a point-to-point growth of 20 percent, seems to be a bit unrealistic even though the NBR has performed well in the recent past by achieving its targets. The first half of the upcoming fiscal year will be basically election period, which may further experience political uncertainty leading to decrease in revenue earning, while the next half would be a period of restoration for the new government. On the whole, attaining 21 plus percent growth of NBR-regulated revenue, juxtaposing noticeable target of non-tax revenue, foreign grants and non-NBR tax of about Tk.380 billion, would remain a big challenge. Still the overall deficit without grant has been estimated to be Tk.550.3 billion or 4.6 percent of projected GDP. Now, we are hovering at 6 percent growth which is the most stable in South Asia but if the economy does not grow at projected 7.2

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percent but say at 6.5 percent, which is more likely given the overall foreseeable macroeconomic context, the deficit would cross 5 percent of GDP. So what? The Public Money and Budget Management Act 2009 clearly provides directive to the Government to limit the deficit to a 'tolerable' level but has tactfully avoided defining what percentage of GDP is 'tolerable'. The problem is that the size of deficit is about 75 percent of the development budget. Now the 'double-edged knife' for the Finance Minister: a possible trade-off between public and private investment. The ADP implementation would be difficult if due to any reason the government fails to finance the deficit. There is an apprehension of 'crowding out effect' if it is financed by borrowing aggressively from the banking sector. However, we did not witness such effect in the recent past.

Now let us discuss the expenditure pattern by major sectors. Public administration received the highest allocation of Tk.320.9 billion (14.4 percent of total budget), which is a considerable increase from 2012-13. Interest payment has secured the second-top position with allocation of 11.69 percent. Education sector had received lower proportion of the budget in the last few fiscal years. In this budget, however, it has received more in terms of both total amount and share of total budget (11.28 percent) with the third highest position. Conversely, even though allocation increased in absolute term, health received a lower share of the budget (4.26 percent) compared to the revised budget of 2012-13 (4.82 percent).

Agriculture has received less allocation from revised budget of 2012-13. As the share of total budget, agriculture has received 7.85 percent in 2013-14 compared to 10.48 percent last year.

Minimum tax-free personal income has been increased to Tk.220 thousand, which is 10 percent change. It is a good

decision because it included inflation that pained the taxpayers in the last two fiscal years. Our income tax structure has long been regressive, which need further reform to make it inequality reducing and leveraging the middle and low income classes to have more equitable share of resources.

Social safety net has remained one of the core sectors of the budget. Against the listed 93, the proposed budget has 82 programmes and project with allocation of Tk.253.7 billion. In terms of share of total budget and GDP it shows continuous decline, from 12.2 percent of revised budget it has come down to 11.4 percent in the proposed budget. Allocation and coverage has increased in some of the core programmes like allowances for the elderly, widow and destitute, insolvent disabled, etc. Housing support, fund for disaster affected farmers and poultry farms, block allocation, employment generation for ultra poor, livelihood improvement for marginalised groups school feeding, asrayan-2, char development (phase-4), etc. projects have received increased allocation. Eleven projects got no allocation at all that include maternal health voucher scheme, rural employment & road maintenance, post-literacy continuous education, national sanitation project, etc. Thus, even though the overall budget has increased, many important projects received either lower or no allocation, which may have detrimental impact on ongoing efforts of poverty reduction and social development. In addition, we have been urging the government to restructure the whole social safety net sector to make it an instrument for achieving double digit growth, which has not reflected in the proposed budget. Also, there is no commitment for introducing a national social safety net policy for the country.

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Measuring life by "degrees"

SHIFTING IMAGES



MILIA ALI

GROWING up, I remember that at six each morning there was a frenzy of activity in our household. My father left for work at seven thirty and the family was at the breakfast table by seven. The morning's routine was the same for me -- with a few variations like "car pooling" or "rickshaw pooling" to school. The day was mostly consumed in hectic but productive activity. Despite the rigorous schedule, I didn't experience a stressful childhood.

We didn't have a lot of money but that didn't seem to affect the richness of my experiences. The main reason being that my parents allowed me the freedom to dream and make independent choices. I took music lessons and chose to sing Rabindrasangeet, but also listened to Hindi film songs on Radio Ceylon. I indulged in debating and writing, although none of my written pieces were published. I dreamed of being a professional singer as well as a physicist, but my parents never told me that the combination was somewhat impractical! Neither did they make me feel that all this independent thinking in a male-dominated society needed to be tempered down to reality.

The upside of all the freedom and diverse learning was that I developed into a free spirit, willing to take up challenges. Perhaps the downside has been that I never became a specialist on this or that, which is regarded as a disadvantage in today's world. However, my multifaceted pursuits have enabled me to explore various career options. Most importantly they taught me to be unafraid of trying something new and admit that I am not good at everything. Interestingly, the process of failing has also been a tremendous learning experience

In case some of you are wondering where all this self-reflection is leading to, let me make my point. Our education system today is essentially geared towards specialisation, particularly at the high school and university level. We have come to accept that it is pointless to acquire a degree which does not put us on the fast track for a high-salaried job. Therefore, young people tend to make academic choices based on their specific career aspirations. They are conditioned into thinking that attainment of knowledge and skills has a single purpose -- professional success. Success, too, is defined in terms of money, material acquisitions

and social status. This narrow definition of learning has de-emphasized the broader objectives of coping skills, creativity and experimentation which are critical for ensuring an interesting and productive life. I don't mean to undermine motivation or ambition, but wish to highlight the importance of a multidisciplinary education, an education that allows individuals to develop disparate skills and transfer knowledge so that they can switch disciplines in the course of their professions. At the same time they can pursue hobbies and interests that they are passionate about.

My reflections have been triggered by the many modern youth that I know who are struggling to find their professional niche. This is nothing unusual -- the young should struggle, endeavor and take it step by step. What is disturbing is that most young adults today want to leapfrog into high paying jobs and live an ostentatious life because this is how success is now perceived. When they cannot realize these unrealistic ambitions by forty, they become frustrated, depressed and dejected. The fact is that only a few will reach the peak while the rest are destined to become hardworking, regular people with regular jobs. Which is why it's important to experiment, to innovate and make the best of opportunities as they arise, even if it's only for personal satisfaction? One must, however, come to terms with the reality that our experiments may not always succeed because statistics do not support the case of "outliers" like Mark Zuckerberg, Bill Gates or Steve Jobs. Not all of us can hit the jackpot in life.

However, this approach to life requires a basic change in attitude and mindset. We first need to recognize that material success and a high profile job don't necessarily result in a happy life. The happy people that I know are not fixated on the paycheck or profit balance in their bank account. They sing spontaneously (even if the song is out of tune), cook a meal (even if it's not a gourmet one), write their memoirs (even if there is little scope for publishing them) -- they pursue their passions alongside their careers. It gives them a sense of fulfillment and a greater understanding of the world.

Perhaps my upbringing and my interactions with these "happy people" have inspired me to follow the same path. Here I am -- a physicist turned development professional, moonlighting as a columnist. And let me confess ... I am relishing every minute of reinventing myself!

The writer is a renowned Rabindra Sangeet exponent and a former employee of the World Bank.

Turkey: Testing times for Erdogan



A protester waves a flag bearing a portrait of Mustafa Kemal Atatürk, founder of modern Turkey, during a demonstration in Ankara.

PICTURE: AFP

MAHMOOD HASAN

TURKEY'S popular Prime Minister Recep Tayyip Erdogan is suddenly faced with political challenge. Since Erdogan's Islamic "Justice and Development Party" (Turkish acronym AKP) came to power in 2002, Turkey has seen steady economic growth and political stability. Under Erdogan, Turkey came to be respected as a strong secular nation

and the powerful eastern bulwark of Nato alliance. Erdogan also clipped the wings of the powerful military generals who saw themselves as the guardian of the secular constitution and often staged coups, and strengthened Turkey's democratic credentials.

On 28 May several dozen environmentalists occupied Gezi Park in central Istanbul protesting against the government's decision to build a military barrack and a shopping mall on the park. The following day when the activists threw stones police

retaliated with teargas and water cannon to disperse the protesters. Soon the scenario snowballed and the activists were joined by professionals, trade union workers and sympathizers, and rioting broke out. The park and the adjoining Taksim Square turned into a battlefield. Anti-government protests also spread to other cities of Turkey. Two activists have died so far and several hundred injured on both sides.

What started as a demonstration to save a green park soon turned into a political movement. Protesters took up other issues -- curb on alcohol sale and consumption; curb on abortion, ban on headscarf, war with Syria, authoritarianism of Erdogan, etc.

While the demonstrators chanted slogans for Erdogan's resignation, the defiant Prime Minister went on a tour of Morocco and Tunisia. He blamed the social media, marginal groups and the opposition Republican People's Party for the manifestation. He acknowledged that police had used "excessive force" but blamed "extremists" for the trouble. Worried at the magnitude of the demon-

strations Deputy Prime Minister Bulent Arinc apologized for police excesses, promised to investigate the police actions and declared that no mall would be built on Gezi Park. Even President Abdullah Gul said that police should not have used excessive force to disperse the protesters. He urged the government to listen to the demands of the people.

Speaking in Tunis on 6 June Erdogan defended the Gezi Park plan saying that the project shall protect the rights of the majority and preserve the beauty of Istanbul. Clearly, Erdogan is in no mood to retreat.

The Turkish prime minister has unveiled a \$400 billion public works program in preparation for the 100th anniversary of the founding of the Turkish Republic in 1923. These grand projects will have a visible aesthetic effect on Istanbul. Istanbul is a leading contender for the 2020 Olympic Games.

At each of the three elections Erdogan has convincingly increased his share of vote. In the last election (2011) his AKP got 50 per cent vote which gave him 326 seats in the 550-seat Parliament. This overwhelming popular support has probably made him arrogant and intolerant. His support base is the rural religious conservative.

NATO allies were worried that Turkey, a frontline state of Syria, was facing popular unrest at a time when the Syrian civil war was getting worse. Turkey would be the launching pad for any Nato-led intervention. Washington has been urging Erdogan to resolve the problem quickly without using force. The other worry for the West -- if the situation degenerates further the army may be tempted to step in.

One wonders why these protests took such a violent turn. The answer probably lies in Turkey's history. Mustafa Kemal Atatürk established a strictly secular republic in 1923 after the

demise of the Ottoman Empire. The divide between the urban secular -- bureaucracy, military, businessmen, professionals -- and the conservative rural mass has remained. But that divide did not create any schism or conflict as all are Sunni Muslims. Women in short skirts or in "hijab" can walk the streets boldly. Men sporting beard and cap sipping coffee will hardly take note of those drinking alcohol in the adjacent bar. The state does not interfere with religion. It is 'laicism' in the truest form.

Distracters warn that the writing on the wall is loud and clear for Erdogan. People in Tunisia, Egypt and Libya have risen against autocrats and thrown them out. Syria is currently going through the throes of a civil war to oust President Bashar Al Assad. Fortunately Erdogan is a truly democratically elected leader.

Since AKP came to power secular forces began to suspect that Erdogan had a hidden Islamist agenda that can alter Turkey's secular identity. His statement that Turkey is a secular state and he is a Muslim prime minister -- speaks his political mind. Gezi Park was an excuse to warn Erdogan not to meddle with Turkey's secular credentials.

Given the tensions in the region the current bout of unrest was unnecessary for Turkey. It is a difficult testing time for Erdogan. He still remains a popular leader and is not under any threat of losing power. His support base is substantial. The opposition Republican Party is not in the reckoning of the people as an alternative.

The current unrest has brought to the fore the question of identity -- shall Turkey be known as a secular state or an Islamic Republic? It will be a pity if Turkey's experiment with "Muslim Democracy" ends prematurely.

The write is a former Ambassador and Secretary.

ACROSS

1 Cleans the floors
5 Pouch
8 One of the Bears
12 Admitting customers
13 Time of your life?
14 Change for a five
15 Draped dress
16 Sailor
17 Western state
18 Deceptive
20 Melody
22 Lengthwise, to 16-Across
26 In spades
29 Actress Farrow
30 Mai -- (cocktail)
31 Exceptional
32 Corral
33 Check
34 Film
35 One of the Brady

DOWN

36 Cartoonist
37 Every-where
40 Surround
41 Attachments
45 Blunder
47 Rowing need
49 Help in crime
50 Padlock
51 Oilfield structure
52 Fourth dimension
53 Vocal comeback
54 Hearty brew
55 Sur-

Solution time: 25 mins.

Yesterday's answer 5-2

CRYPTOQUIP

ZFQC SFOS WSKMCP HUOAQK
ZOC SW O UMPFS, WZQQS
NQWWQKS SKQOS, FQ BWBOUUA

VFTTQW VQUUT HBNMCP
Yesterday's Cryptquip: IT COULD BE NEARLY IMPOSSIBLE TO CONSUME THIS HORRIBLE WATERY PORRIDGE. IT'S WAY TOO GRUELING.
Today's Cryptquip Clue: F equals H

BEETLE BAILY

HOW MANY DONUTS IN A "BAKER'S DOZEN"? 13

HENRY

WHAT'S THAT? "A GLUTTON'S DOZEN"

QUOTABLE Quotes

"An economist is a man who states the obvious in terms of the incomprehensible."

Alfred A. Knopf