

It's forward looking and investment-friendly Implementation capacity is key

THE budget relies heavily on revenue generation. A wide variety of goods will now be taxed ranging from bottled water to a new range of taxation on mobile phones, jewellery to sales tax on real estate. Though revenue is bound to increase, so will the retail prices of all products that have been brought under the purview of tax net. The budget however has been welcomed by business leaders as 'investment friendly'. Taxes and duties waived on fire safety equipment should go a long way in retrofitting factories across the RMG sector and should help in addressing fears for workers' safety. The various chambers of commerce have welcomed the steps taken, for instance, offer of 20 percent tax rebate for factory relocation away from Dhaka should encourage both the tannery industry and other sectors to move away from the capital city.

All is not however positive. Once again, holders of black money have been given opportunity to legalise undisclosed monies by investing in real estate sector. The move has been slammed by economists as having such provision is discriminatory in that it discourages honest taxpayers and fosters culture of tax evasion. For the average consumer, the budget brings both more of good than bad tidings. Healthcare should cost less as duties have been reduced on 40 basic raw materials used to make medication. Taxes have also been waived on bonds and savings certificates up to Tk500,000. On the whole, the budget provides a sense of direction but doesn't enunciate the way to reach there.

What a local community can do?

Message from Nimtoli should sink in

FOUR years since the Nimtoli chemical fire disaster, people of the locality can heave a sigh of relief topped up by a sense of achievement, at long last! Nimtoli, once dotted with chemical factories disguised as rented spaces in a densely populated residential area is now free of chemical stores or, factories for that matter.

This is a miracle of a success by our standards: Where despite the routine blowing of hot air after a human tragedy the dusts settle down as resolute commitment by authorities, that too nudged by court orders, tend to fizzle out.

But here is an example of a determined community at Nimtoli resisting letting out any space to those storing inflammable material, or surreptitiously running a chemical factory. After an unswerving pursuit of the cause for years, they have been able to force out the extremely hazardous stores or factories and resist setting up any new ones.

The moral of the story is that when a community unites behind a civic cause, be it public safety or delivery of legitimate service to tax payers, it is eminently achievable.

Nimtoli success needs now to be replicated; for, there are plenty of areas in old Dhaka having chemical warehouses and hazardous chemicals lying strewn without precautionary measures in place. Unless these are cleared of the dangers, many souls would be at grave risk.

Stephen Hawking vs. Paul the Octopus!

ABDUL MATIN

PROFESSOR Stephen Hawking, renowned mathematician, theoretical physicist and cosmologist, has taken the seat of Paul the Octopus and predicted England's chances of winning the World Cup in Brazil. Being a theoretical physicist, he claims to be "marginally more qualified to make predictions than Paul the Octopus."

Unfortunately, Paul is no more and unable to accept the challenge of Stephen Hawking. Paul had neither any formal education nor any modern tool available at his disposal to make the predictions. Stephen used all of his knowledge of mathematics, theoretical physics and cosmology. He also had access to high speed computers, information superhighway and all the research facilities at the University of Cambridge.

Stephen found several factors that will influence the English team in Rio. These include playing a 4-3-3 formation, wearing red shirts and persuading the blondest players to take the penalties. A five-degree increase in temperature reduces England's chances of winning by 59%. He also discovered England are 22% more likely to win short-haul games and that jet-lag, cultural differences, the nationality of the referee and shirt colour take their toll. They are better close to sea-level and kicking off as near to 3 pm as possible. In red, England have a 20% higher rate of success, fitting the theory that red makes teams feel "more confident, more aggressive and more dominant." According to Stephen, European referees are more sympathetic to the English.

Stephen talked about many things but made no definite prediction. He, however, thinks Brazil will win the cup as "more than 30% of World Cups have been won by the host nation." It seems the theoretical physicist is not so confident like he is on radiations from black holes or quantum mechanics. He admits: "All science, mathematics and rational thought go out of the window. I am an Englishman and I will be cheering our boys all the way to the final in Rio." Obviously, he is biased. Paul was impartial, in spite of serious risks to his life.

Paul never minced words. He made the predictions without any ambiguity and the whole world took note of it. We will miss Paul at the World Cup in Brazil. I am sorry, Stephen, you can't steal the show like Paul did!

By the way, Paul never stepped into the shoes of Stephen and made no comment on his works in theoretical physics or cosmology. If he did, could he rewrite the history of time or be a contender for a Nobel Prize in physics?

Well. Who am I to answer? I am neither Paul nor Stephen.

The writer is a former chief engineer of Bangladesh Atomic Energy Commission.

Broken window, weeping growth and Budget 2014-15

MAHFUZ KABIR

BANGLADESH Bureau of Statistics (BBS), the 'sole authority' of calculating and reporting national income accounts, recently came up with provisional GDP growth of 6.12% amid much pessimistic projections by external players including the World Bank. The explanation that BBS provided for service sector growth was that services GDP grew partly because of higher cost of transportation and other services. This reminds us of the story of a group of agitated people having a violent procession, and suddenly some of them threw rocks on your window. "No worries, insurance company will fix the broken glass." Numerous cars were broken, properties burnt, lives lost and people spent more than they could ever imagine in the next few months. "It was a not bad at all because ultimately people got more money for retention and normalcy. The economy has benefited at the end."

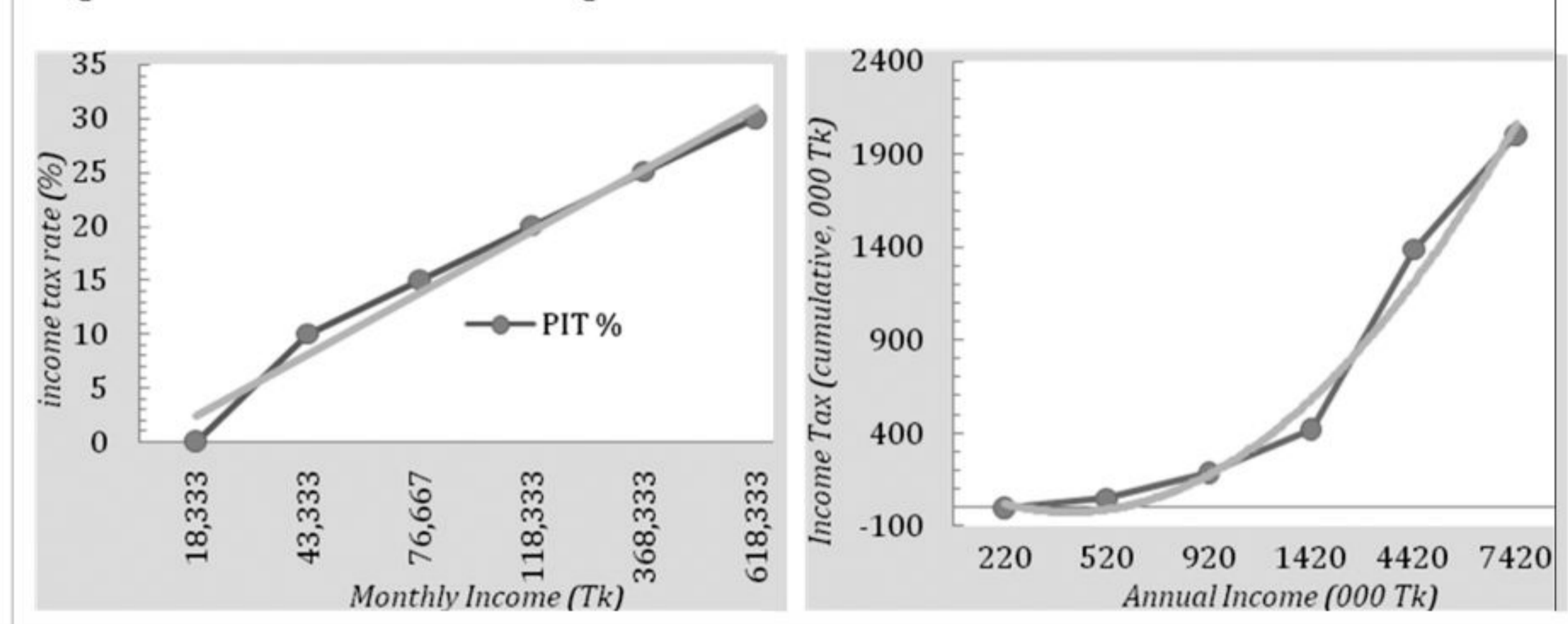
This story of costly growth is nothing but the celebrated 'broken window fallacy' proposed by Frédéric Bastiat in 1850, which demonstrates why destruction and the extra money spent for recovery is indeed is not a net benefit to the society. BBS calculates services GDP in monetary terms. However, this apparently 'bonus' growth, coming from intangible pains and tears of millions of citizens, could be adjusted for higher costs for the same or even lower amount of service. BBS reported the growth of real GDP of 6.12% which is supposed to be accounted through filtering abnormally higher cost of

lack of transition from the traditional annual low return ADP to a high return multi-year public investment programme. Out of this, allocation of 23.3% in transport and communication and 14.3% in power and energy would address some of the problems temporarily but lack of durable mega infrastructure and energy projects in the next fiscal year, as ADP document reveals, is unlikely to facilitate high-growth ambition.

The finance minister was partially true in terming income tax as the 'future' of domestic resource mobilisation. To slightly alter the downward stickiness of high Gini coefficient, he tried to make change in the redistributive measure through introducing super-tax on annual personal income above Tk. 4.42 million. What we surprisingly notice, decisions on taxes come merely based on perception and popular demand, not based on rigorous analysis of incidence and net social benefit. This, in turn, results in persistent high inequality and ailment of the economy. The proposed income tax structure is still regressive in its rate, and to a large extent on incidence as most of the upper-middle income groups would provide tax which is lower than progressive tax as seen in the illustration.

Effective fiscal flow from central to local level is a prerequisite to reduce regional disparity and achieving vibration in the local economy, which is also helpful to provide concerted effort to achieve higher growth. Local government units (LGUs) were supposed to get most of the budget of Local Government Division in the proposed budget according to MTBF 2013-14 to 2017-18 projections to

Figure: Income and income tax in budget 2014-15



same services. We should not work out real GDP of services through backward calculation of their current market price adjusting for generic inflation, which would provide a completely wrong signal to everyone. Rather, it could be normalised through adjustment with the previous year's price to provide more accurate figure.

Having crossed the 'hurdle' of 6%, it can be termed as 'sleeping growth' as the World Bank commented that it can be achieved if we only follow Newton's first law of motion, i.e., maintain the status quo. However, for achieving higher growth as per the projection of the Sixth Five-Year Plan we need significant boost through budget, both in fiscal operation and public investment programmes. While there were imperatives to come out of the tearful episodes and build on the intrinsic strength of the economy for moving ahead, the proposed budget 2014-15 could hardly unleash optimism particularly after elections. Instead, it is a bit 'single contraction', i.e., an impressive fiscal growth in terms of planned expenditure but conservative monetary regime.

Building on this growth, the proposed budget 2014-15 aims to attain a dream growth of 7.3%, which requires not only awakening the economy but also moving ahead steadily with enormous strength. The proposed budget of Tk.2.5 trillion would work as a starter to pull the economy up through providing some incentives to the private sector and redistribution. However, the next step will require considerable new public investment on energy supply and infrastructure which is quite impossible despite a gigantic ADP of Tk.803.15 billion. This is absolutely because of

undertake development activities. It, however, did not take place in the proposed budget, which is likely to squeeze LGUs activities through both sluggish local development and lower local resource generation.

The number one challenge of the proposed budget would be to attract investment for attaining the 'dream growth,' which will be an uneasy task for the government with an impressive budget. We already witnessed a very short symptom from the last-minute performance of the stock market despite benefits announced in the budget speech. This clearly indicates the role of confidence of the investors in the upcoming fiscal year when political uncertainty will remain a critical determinant.

The first and foremost task of the budget should therefore be to provide a signal to everyone to take advantage of the first fiscal year after elections, which is historically growth-stimulating. Destruction is never profitable for the society. It only ends up with weeping payoff for everyone.

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CORRECTION

In line 3 of our first editorial, printed on June 6, the figure should be Tk. 2,50,000, and in line 26 the figure should be Tk. 1,80,000. We regret the error.

Pangs of Partition



transfer of power.

The end of the British Raj in 1947 brought about the partition of the subcontinent into India and Pakistan, along with an orgy of unprecedented violence that took hundreds of thousands of lives. Fifteen million people became refugees. Thereafter, in 1971, 'Pakistan itself originally conceived as the foundation of Muslims as a separate nation', broke into Pakistan and Bangladesh.

The question that still troubles many discerning minds is whether the so-called peaceful transfer of power in 1947 has not actually turned the subcontinent into a region where peace has been abandoned. The birth of Pakistan on the basis of separate nationhood has been rejected through the violent emergence of the Peoples' Republic of Bangladesh. One could ask as why the partition of India on the basis of faith, Hindu and Muslim, did not resolve the communal discord and usher in an era of lasting peace as hoped by some idealistic leaders. The reality is that instead of being left with unending peace, the subcontinent got endowed with constant tension and conflicts. The great divide could simply not bring any peace in its wake. Initially, it compartmentalised and then tightly sealed Hindu-Muslim animosities, cementing festering grudges into near permanent hostilities. The Hindu-Muslim factor became international, India-Pakistan. The domestic disagreements acquired a global dimension. Hostility towards a neighbour became a principal State policy. Pakistan became aggressively Islamic, out of a fear of getting swamped by the all-pervasive embrace of India. This premonition continues to haunt the psyche of Pakistani leaders.

Pakistan, founded on the notion of separateness, was compelled to adopt the identity of being an Islamic republic. This evolution from Muslims as a separate nation, to Pakistan as 'Islamic state' has impeded Pakistan's coming

into its ownland evolving into a modern functioning State. A rational and credible national identity eludes it. This is despite the fact the Pakistan was created to obtain greater political role for the Muslims of India so that they could become arbiters of their own political and social destiny, instead of leaving it in the political hands of an unreliable Hindu Congress. The tragedy is that Pakistan is now accused of being the epicenter of global terrorism.

The Muslims who remain or have been left behind in India now find themselves as almost abandoned, bereft of a sense of kinship in their relationship with the rest. This deprives them of the essence of psychological security. The remaining Hindus suffer in Pakistan and Bangladesh, even as they are slowly, silently but continuously driven out. One might say that the partition has left us with no peace and it has not left behind any settled peace in the separated portions either. Is it because the central problem of relations between Hindus and Muslims remains and that the fact of partition has created a permanent divide? In addition to accepting the partition of land is there an agreement to a simultaneous cutting up of human societies too?

A demeaning, perhaps unintended, consequence of the partition has been the de-facto creation of a different category of citizens, howsoever unpalatable it may sound. In effect, 'some people are just mere people' than the others. Then there is recourse to a whole variety of short term palliatives that at best work for a while but only as empty, placatory gestures. Those are not needed solutions. Behind those gestures there is no honesty of purpose and as such they are not accompanied by the needed efficiency of delivery, and thus finally come to a halt. The result is the sealing of societal divisions into water-tight compartments in a vote-obsessed polity.

In India, after adoption of the constitution, the granting of special rights started. Muslims in India being equal citizens, at least in theory, have also eventually begun demanding a share in the special rights that are being granted selectively. The taunting question there is: Special rights? Still? Even after Pakistan? Why? The difficulty is how to satisfactorily address the grievances of the minority in a democracy when the break-up of the country on the basis of faith has rendered them so complex and so infinitely intimidating.

It is not clear what issues have been satisfactorily resolved by the momentous episode of partition. The minority syndrome has given rise to new vicious sectarian designs in Pakistan. One could only hope that the leaders in the subcontinent would not be under any promise to travel permanently in combative compartments of separateness.

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LETTERS TO THE EDITOR

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Is GPA score yardstick for learning level?

Ninety-two percent pass rate in SSC is, no doubt, an outstanding achievement. With every passing year, more and more students are scoring GPA-5. Students are happy, teachers are happy, and of course, the guardians are happy. But most of all, the government is happy in this success. It is indeed an achievement of the government.

But what worries me is I have heard from my relatives, who teach at different schools in the country, that getting good grades in exams has become easier than before. In the creative format, you can't give zero to any of the answers. I also heard that teachers are under huge pressure for giving good marks no matter whether the answers are right or worth the marks.

Good GPA score doesn't necessarily mean that students have studied well or learned well. I was astonished to know from one of my friends, teaching at a school in Sylhet, how a student of 9th grade of that school defined 'power' in his Physics exam script. He wrote: "Power means when a person forcefully take something from another person." I don't know whether the teacher gave him marks for the answer. My point is, look at the condition of most of our students, they are keen on getting good GPA, but not interested in real learning.

A guardian
 On e-mail

Preventing Thalassemia

We have known from a TDS article (May 25, 2014) that there are 16 million people in Bangladesh who carry the abnormal gene that causes Thalassemia. But further increase of Thalassemia patients can be prevented by taking some simple measures which include raising awareness, getting tested before marriage, and prenatal diagnosis of couples. Getting tested before marriage is really a good option to prevent the disease, because a child will have Thalassemia only when both the parents carry the gene. Many countries in the world have completely eradicated the disease by taking these pragmatic steps. Our health ministry must ensure that all the government laboratories are well equipped to diagnose the disease. At the same time, there is no alternative to awareness campaigns.

Habibur Rahman
 On e-mail

Lessons to learn from Modi

Hail Modi, the BJP man, who won absolute majority in the Indian national election for his bold and straightforward role in politics. The modest and unassuming leader of modern India twits his party men for their proposal to include his name in textbooks. He also vehemently opposed renaming of schemes and projects and categorically declared that nomenclature is less important than quality of governance.

Let the sycophants and policymakers of our country learn from their neighbour, abandon the old style of politics, strive for national development and not run after individuals to brighten themselves, but darken the future of the country.

A F Rahman
 On e-mail

Comments on news report, "Mission war hero elimination," published on June 01, 2014

OpeeMonir

It was late president Ziaur Rahman who, during one of his commonwealth visits to Fiji in 1977, spoke to Australian president to help the national airlines, Biman. I was part of that programme. Ershad came and ruined everything in Biman. His hooligan officers on deputation went for rampant looting through: DC-10 purchases, F-27 refurbishments and selling at a giveaway price; what not?

Barkat

Hasina says her party stands for the Liberation War and calls all the opposition parties anti-liberation forces. But one of the greatest enemies of freedom fighters is now her ally in the government.

Hafeejul Alam

Surely, it's Ershad who presided over this elimination of freedom fighter officers! And who is Ershad? He is Prime Minister Sheikh Hasina's diplomatic minister!

This is Bangladesh, where our leaders can do almost anything to cling to power. Shame on Bangabandhu's daughter.

"9 Rab men sued for torture, killing" (June 2, 2014)

Mofi

I can't see how RAB will work normally any longer!

Aasfisarwar

Many more will follow, and we want fact-finding reports from the investigative journalists.

Nasirullah Mridha, USA

Many more stories will come out, if Narayanganj seven-murder case mystery is solved. Some dishonest RAB members have tarnished the image of RAB by killing people in exchange for money.