

BUDGET 2016-17

Of Obesity or Good Health?

DR MAHFUZ KABIR

THE Finance Minister has proposed a mega Tk.3.4 trillion budget for the upcoming fiscal year 2016-17. It is about 29 percent higher than the revised budget of the outgoing fiscal year. However, despite the traditional growth of the budget size, there are some notable new approaches regarding some mega development projects. For instance, separate allocations have been made for initiating some mega infrastructure and energy projects like the Padma Bridge, the Rooppur Atomic Power Plant, the Matarbari Coal-fired Power Plant and metro rail projects. The initiative was taken last year to separate nationally important project, such as the multi-year public investment programme, as an effort towards reforming the Annual Development Programme (ADP). However, both of them are on the way of their peaceful coexistence.

The size of the ADP, including the allocation for autonomous institutions and authorities, is about 35 percent of the proposed budget. Given the slow rate of implementation, about 50 percent in the first ten months of the outgoing fiscal year, this is the lowest in the last few years. Implementing another 40 percent by May and June is going to produce extremely bad quality output of ADP projects by creating recurrent spikes in the last month, which can be marked as the "June Syndrome". Ironically, a sincere effort is possibly diminished by the sluggish rate of execution by most of the implementing agencies after a verbal order of the Planning Minister at the outset of this fiscal year to execute the ADP by 25 percent in every quarter. With the existing modest and declining capacity of project management and monitoring compared to the expansion of ADP, accelerating execution and maintaining quality is a formidable challenge for the implementing agencies.

As such, there is no surprise other than an 'incremental' approach raising the size of the budget. The Finance Minister seemed to walk through the nitty-gritties of the Medium Term Budgetary Framework (MTBF) to attain the macro, revenue and spending targets. The government will continue to remain a heavy borrower from the banking system. It would create a sense of satisfaction for the lending banks at the end, because the government would absorb a part of the excess liquidity to finance infrastructure, and will at least not turn out to be a defaulter like many heavyweight businesspersons.

The budget is mainly about accelerating growth, economic development and attaining social equality. However, no specific efforts have been clearly outlined in the budget to achieve these three, although it has been assumed that public investment in transportation infrastructure and energy projects would pave the way to achieve the stipulated 7.2 percent growth. Expecting such a growth rate over the next fiscal year should not be 'dreamed' of; it can be achieved with the prevailing circumstances. Rather, we could have easily set a 7.5 percent growth target with a 'mini big push' in private investment, particularly in manufacturing, which accordingly would create an encouraging effect in employment.

Why has the proposed budget carefully avoided

more direct measures in attracting private investment, particularly from domestic sources? Perhaps because the Finance Minister thought of lack of readiness in terms of transport infrastructure, energy supply, especially natural gas, and easing of procedures while doing business. Indeed, Bangladesh is now experiencing the best macroeconomic conditions in its history with political stability, magnificent foreign currency reserve, decent export performance and per capita income, low inflationary pressure, and impressive external balance. Indeed, the economy is ready, both horizontally (expand) and vertically (take off), to facilitate steady interplay between private investment and rapid economic growth with aggressive job creation. We are missing out the golden opportunity of administering the aspired 'inclusive'

overlooked in the proposed budget. The budget does not explain what changes have been made within it to reform the Social Safety Net Programmes (SSNPs) as per the recent National Social Security Strategy (NSSS). The budget speech has mentioned an incremental approach through increasing coverage and amount of cash transfer. However, a fundamental reform was expected in terms of overhauling the SSNPs to make it more productive, return oriented, and sensitive towards spatial aspects of extreme vulnerability and climate change adaptation. A part of the major programmes, like employment generation for the poorest, vulnerable groups development, etc. could be made adaptive with or without allocative implications.

The greatest philosophical deficit of this budget, despite its gigantic size, is living with the traditional

Final phase of UP election no less violent

CEC's comments astonishing

WE wonder whether the Chief Election Commissioner was talking about the recently concluded six-phase elections in Bangladesh or some other election in some other country when, commenting to the press he said, among other things, that he believed the last phase of the election was better than the previous one, that it was an improvement compared to the previous phases and that, barring some odd instances, the polling was held peacefully. May be he was not aware of the fact that more than 30 people were killed in the run up to the sixth phase of the election alone, bringing the tally of death in the union parishad elections to 125, not to speak of the more than thousand injured.

When it comes to the lives of human beings, comparisons are odious. And certain things are measured in the absolute and not comparatively, election is one such thing. We are afraid the Election Commission had taken no lessons of the previous phases of the Union Parishad elections, and if it did it was either unable or unwilling to take any remedial measures. To attribute the election violence to the trend of increasing social hostility is inappropriate. Even if we were to take his contention as true, was it not for him then to resort to suitable measures to ensure that that did not spill over and affect the elections?

Election is not confined to the day of polling. It seems that the commission was content with providing logistics only for the Election Day and remained quite unconcerned with the other aspects like submission of nomination, electioneering code violation and pre-poll violence. And by doing so it abdicated its primary responsibility.

Protecting the environment

Do our words translate to action?

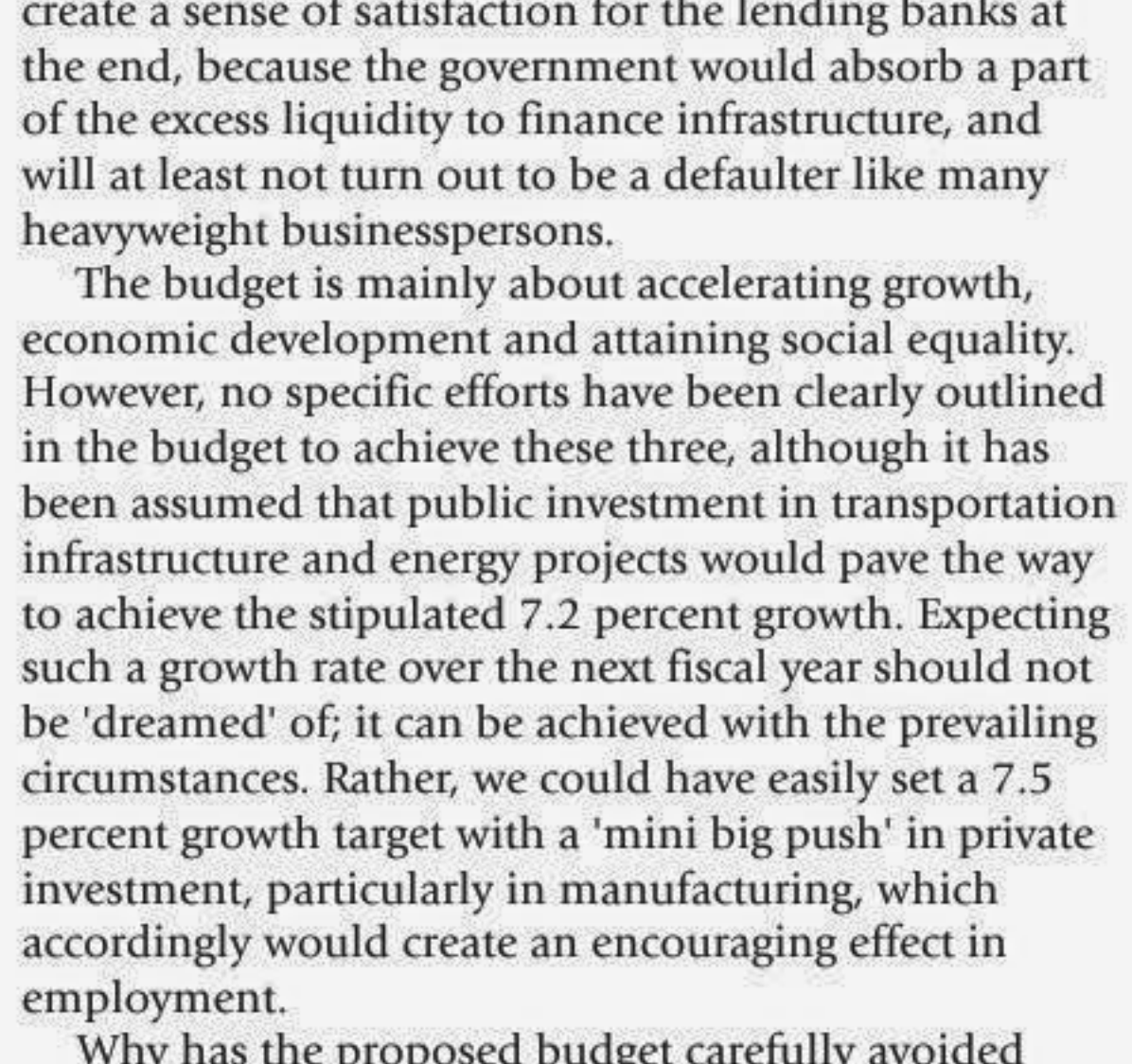
WE observed yet another World Environment Day, and perhaps it is time to seriously evaluate if our actions on the ground match our grand pledges, in summits and seminars, to protect the country from the threat of climate change and further environmental degradation.

It is alarming that the state of our forests have increasingly deteriorated since independence; in 1971, 16 percent of our land consisted of forests, but now forests constitute only 6-7 percent of the total land, according to environment activists. The 1994 Master Plan set a target to forest about 20 percent of the country's land by 2015, which we fell woefully short of. The fact that the plan had to be revised down to 15 percent by 2021 highlights our failure to prioritise environmental concerns.

Meanwhile, we seem oblivious of the active pollution of our rivers and forests through unaccounted industrialisation. As reported in our paper yesterday, the Karnaphuli river reeks of chemical pollutants as effluent from the paper mill is dumped untreated into the river. The Buriganga, too, is beyond recognition due to years of encroachment.

The threat to Bangladesh due to climate change is well documented. It is considered to be among the most vulnerable countries. But consistent failure of the state to acknowledge and address issues of river encroachment and deforestation, particularly when it comes to development projects, is in stark contrast to what is needed.

Development at the expense of irreversible damage is not the only way forward. Our concern for our environment must go beyond words and translate to action.



growth as per the Seventh Five-Year Plan.

Overall, the proposed budget has set a weak linkage between growth and development, let alone addressing the persisting high income inequality over one and a half decades. Surprisingly, the Finance Minister has not spent any time on spelling out how to reduce the skyrocketing income disparity through fiscal operations and redistributive measures. Without a serious measure of taming this economic polarisation, it would be very difficult for the government to lessen social disparity. Thus, the budget has remained largely traditional in nature with an assimilation of catchy jargons, which has been mostly criticised by experts and analysts. It may be due to the fact that the entire budget-making apparatus is not yet prepared for fundamental changes, keeping in mind the country's transition to the lower middle-income economy status.

Some critical developmental issues have also been

notion of poverty. The budget documents are still in great complacency of cornering the poverty headcount ratio, which is currently estimated to be around 24 percent. However, poverty is no longer a matter of the threshold level of income or expenditure linked with a bundle of food and non-food items. Over a hundred countries in the world are ready to recognise it to be multidimensional with the elements of education, health and standard of living, with ten basic indicators. About half of the population is living with multidimensional poverty as per the latest calculations of Oxford University. By failing to conceive a development paradigm which places multidimensional poverty at the centre of public expenditure, the budget has created a sense of obesity instead of good fiscal health.

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ISE-SHIMA SUMMIT

Economic clout of G7 waning



FROM A BYSTANDER
 MAHMOOD HASAN

THE leaders of the seven rich industrialised democracies, known as the G7, met in Ise-Shima, Japan, for their annual summit from May 26-27, 2016. These seven

countries have taken upon themselves the responsibility to analyse the global economic situation and take steps to rectify anomalies and boost economic growth. And as a corollary, the important issues of security have also been introduced in its agenda.

The summit ended with the issuance of a declaration and seven other documents, drafted by Sherpas before the summit. The 32-page declaration focused on the world economic situation and conflicts. It also addressed concerns related to refugee crisis, terrorism, climate change, women issues, cyber security, development, etc.

Since the recession of 2008, the global economic situation has recovered, but the recent IMF World Economic Outlook (WEO) says that recovery is threatened by negative growth in some developed economies and low economic growth in emerging countries. For instance, the slowing down of the Chinese economy, from double digit growth in the past decade to 6.5 percent in 2016, is a source of major worry for the world economy. China's slowing exports and imports will affect many countries directly. China, of course, says that it deliberately slowed its growth to maintain ecological balance, and consequently initiated reforms for balanced growth.

What is striking is that finance ministers of the G7 countries, who met from May 20-21, 2016, could not agree on the fiscal policy that the G7 should adopt collectively to address global economic weakness. Japan and the US called members to boost fiscal stimulus, but Germany and Britain insisted on fiscal austerity. EU is in a financial mess

and its four G7 members have enormous public debt and suffer from low growth. Naturally, they pursued their individual national interest stubbornly. The malaise related to low growth lies in falling demand, and fiscal stimulus is needed to prop up consumption.

The declaration, reflecting the disagreement, says, "... taking into account country-specific circumstances we commit to strengthening our economic policy responses in a cooperative (not collective) manner to swiftly achieve a strong, sustainable and balanced growth pattern". In other words, the seven leaders have decided to "go-your-own-way", as far fiscal policy matters is concerned.

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Apart from deliberating on serious issues of economy and security, the leaders' outdoor activities attracted media attention. Notable among them was Barack Obama, the outgoing US president. Barack Obama was the first sitting US president to visit Hiroshima after the summit, and paid tribute to the victims of the US atomic bomb attack and called for a "nuclear-free world". President Obama, however, refused to apologise for the American misdeed that was carried out 71 years ago.

Earlier, President Obama visited Vietnam from May 23-25, 2016, and lifted the US ban on the sale of lethal military hardware to Vietnam. After the fall of Saigon (Ho Chi Min City) in

1975, it has taken four decades for US to normalise relations with Vietnam. This normalisation is not without political and security considerations. The lifting of arms ban is clearly directed against the militarily powerful China asserting its sovereignty over the East and South China seas.

Interestingly, none of the G7 members, except Japan, is directly involved in disputes with China. But then it was at Japan and US' insistence that a section was devoted in the summit declaration. It indirectly criticised China stating, "We are concerned about the situation in the East and South China seas, and emphasise the fundamental importance

Brexit referendum on June 23. Though there was no mention in the declaration, all the leaders warned Prime Minister Cameron not to leave the EU, as Brexit could lead to turbulence in global financial markets and weaken the British economy.

The other important side event at the summit was the Outreach Meeting. Leaders of seven countries, including Bangladesh, were invited to deliberate with the G7 leaders. Prime Minister Sheikh Hasina in her statement called upon the developed countries to be more generous in helping the developing world with transfer of technology, mobilisation of resources, and capacity building. She used the occasion to meet the leaders separately to discuss bilateral issues. During the bilateral meeting, Japan's Prime Minister Shinzo Abe assured Prime Minister Hasina that Japan would provide \$6 billion as assistance to Bangladesh.

China, the second largest economy in the world, is not a member of this so-called informal but powerful club, because it is not a democracy as defined by the West. Russia was suspended in 2014 from the group for annexing Crimea and the group reverted from G8 to G7.

G7 countries, which together account for nearly 45 percent of the world economy (which is gradually dwindling), have immense powers over the international financial institutions - but they have a lot of differences among themselves. And the exclusion of Russia and China, which together contributes almost 15 percent (which is increasing) to the world economy, for political reasons, limits the group's ability to redress world economic anomalies.

Every time the G7 leaders met in the past, they spoke of dangers to the world economy and made extensive recommendations, but nothing ever seems to have been fixed after these meetings. As G7's clout wanes, the Ise-Shima Summit declaration is likely to have only marginal impact on the global economy.

The writer is a former Ambassador and Secretary

LETTERS TO THE EDITOR

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Bangla Vs. English

This refers to the recent online hue and cry over the English medium vs. Bangla medium education debate. I do not think English medium schools offer superior education. I think all education systems in our capitalistic world are fundamentally flawed. Education should be about enlightenment, it should focus on helping us know ourselves, have better relationships, and navigate more efficiently through life, instead of focusing on grades.

Let us not get into which medium is better. Let us work together to build a society where no one is superficially judged for their educational background due to factors beyond their control. Nafis Al Abeer
 On e-mail

COMMENTS

"Cellphone- cancer link found in major study"
 (June 3, 2016)

Sadman Hoque

They have come to this conclusion after decades-long research but previously, most of the research findings stated that mobile phone radiation has no effect on human health. They should have come up with the findings much earlier and raised awareness about the hazards of using cell phones for too long.