

The Daily Star

FOUNDER EDITOR
LATE S. M. ALI

DHAKA WEDNESDAY JUNE 29, 2016

The PMO directive to utility agencies

A step in the right direction

WE are heartened by the Prime Minister's Office's circular to the chiefs of all utility service providers in the capital, directing them to attend general meetings of the two city corporations and implement meeting decisions in order to ensure civic amenities. We believe that this is a step in the right direction. This should also ensure efficient functioning of the civic bodies. We are indeed surprised to note that the general meetings are not regularly held, and, on most of the occasions, are under-represented by the utility service providers. The directive will surely make the heads of these organisations understand the gravity of the situation.

Governing mega cities in modern democracies is a complex affair, usually done by city governments, which coordinate the work of all service providers so as to avoid wastage of resources and duplication of work. Dhaka, from a small municipality, has mutated into a large metropolis in quick time. It has expanded in terms of population, but the attendant services have not been able to keep pace with it. Hopefully this new arrangement will put a stop to the lackadaisical attitude that some utility service providers are plagued with.

The new arrangement should not be seen as a pretext of exerting power by the mayors, but used as a means to provide efficient service to the people of this city. The two city corporations must be made more functional and the general meetings must be regularly held. Also, the standing committees have to be activated for smooth coordination of the civic amenities. The Mayors should seize on this opportunity and plug the holes in the system in order to make sure that the city dwellers enjoy the benefits of living in a large city.

Implementing the gender budget

Monitoring and evaluation tools not set

TK 92,765 crore has been set aside as the 'gender budget' in the next fiscal for the development of women. However, we are not clear as to what tools the government has set to properly monitor and evaluate the various programmes and their impact on women's empowerment. This year's allocation is 2 percent higher than the preceding year's but without effective analysis of the strategies and activities adopted by the different ministries and divisions to advance women in society, there is serious doubt whether the budget will be well spent. Indeed, experts in the field of women empowerment have voiced concern that the three areas where more public monies need allocation, i.e. health, education and social protection, that have a direct positive effect on advancing women's empowerment, have not been adequately covered.

It is ironic that skills development, a critical area for economic empowerment, has been allocated a mere Tk 168 crore as development budget for the women and children affairs ministry, i.e. less than 8 percent of the total development budget. Now that is a farce because a third of the workforce is women. While the analysis on the breakdown of the gender budget has been presented in parliament, what remains unclear as to how impact will be measured on monies expended without a clear set of evaluation criterion?

Although views may differ between policymakers and non-state actors, a budget is only good when it is well spent and its impact is clear. Otherwise, we end up with either wastage or unexpended sums - which could have been utilised more effectively elsewhere.

The unfortunate idiosyncrasies



KNOT SO TRUE
RUBANA HUQ

"And therefore as a stranger give it welcome. There are more things in heaven and earth, Than are dreamt of in your philosophy." Act 1, scene 5, Hamlet

LISA, a thorough Texan, had left the United States only once for a vacation. She had never travelled the world before. Yet, she woke up speaking in a pure British accent one morning. As her husband couldn't understand what she was saying, he took her to the doctor for an examination. The doctor explained that a surgery that Lisa had a few months back on her lower jaw has changed the way she spoke. As a result, a Texan through and through, Lisa now speaks like a British citizen. Today, the list of Ripley's Believe it or Not is probably the longest than it has ever been, as we encounter newer shocks and surprises every minute.

To put it simply, things aren't the same as before.

Once, great businesses were supposed to continue as great businesses; trade agreements were supposed to continue ensuring increased benefits; people were supposed to be crossing borders with more ease; law enforcing agencies were supposed to protect the people of the land; presses were supposed to be freed from persecution; good governances across the globe were supposed to be

truthful and farsighted; and finally, tolerance was supposed to be breeding peace. But then these were all supposed to happen. Shocking all, stunning many, the globe seems to be rotating in just the other direction. What was ought to happen did not; what was ought to impact has not; what was ought to positively change, plummeted into a new dark limbo, and nations today are experiencing these reversals in despair.

Airports, roads, ports, steel plants, cement units, refineries, malls, corporate parks, land banks, coal mines, oil blocks, express highways, airwaves, Formula One teams, hotels, private jets, and even corporate headquarters are up with 'sale' tags. Firms are openly offering stakes and even whole companies for purchase. With billion-dollar loans strapped to their corporate identities, Vijay Malaya hides in London and the top ten businesses houses in India alone owe Rs. 5,00,000 crore to the banks. These entities will have to sell their assets worth over Rs. 200,000 crore. Most billion dollar companies are mostly going up in smoke. Anil Ambani's Reliance Group, with a loan amount of Rs. 121,000 crore with an annual interest liability of Rs. 8,299 crore have put up assets for sale, which include 44,000 telecommunications towers and optic fibre and related infrastructure from Reliance Communications (RCom), its flagship firm, which has posted losses of over Rs. 2,000 crore until December 31, 2015. The company is valued at Rs. 13,440 crore, less than a third of its total debts.

To everyone's astonishment and dismay, Brexit has been a surprise occurrence based on misleading figures handed out by politicians. On June 23, 2016, an entire nation went to vote and decided to disengage from the EU, falsely led by politicians and plunging into disarray. The right-wing leaders have already started retracting their promises on better funded social services, strengthening the economy and controlling immigration. Apparently, their promises were misconceived, or were not even promises in the first place. Based on misconceptions, racial bias has set in and immigrants are facing harassment and threat. The Pound has dipped to the lowest that it has been in the last 31 years. All this happened just because voters believed in politicians like Liam Fox, former Conservative Minister, who campaigned to 'Leave' and post-referendum, and finally thought they would have to "think" again about things they had promised before the voting, including more funding for the National Health Service (NHS), UK's socialised healthcare. While these politicians started walking back on their promises, hours after the UK voted to exit the EU, more lies began to surface, including Boris Johnson's infamous statement of the UK sending £350 million to the EU every week and Nigel Farage's false claim of £55 million per day. These will continue to haunt the English nation for many years to come. And needless to say, backpedalling now will not save the economy.

For us, Brexit will breed pain, as our government will have to keenly invest

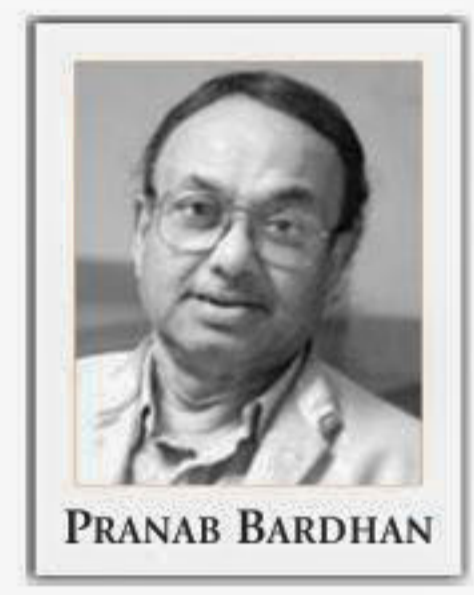
in economic diplomacy so that the 12.5 percent duty advantage is not withdrawn. After all, it does not benefit the UK to import goods at a higher price when it cannot import from any other country that works at such unfortunately competitive prices. However, the majority work will be left on the Bangladeshi manufacturers' shoulder, as we will face threats of price cuts from the British brands, as they struggle with their consumers buying the same products at higher prices.

Just think about the dangerously unpredictable times we are all living in when Donald Trump announces a disintegration of the European Union, without understanding what Brexit even meant, when investigations in a murder case leads to the fingers being pointed at the SP who has captured many militants in his lifetime but may have hired goons to kill his wife, when the richest are the biggest paupers and have to flee their own homes and live abroad, when the beholders of democracy abuse the masses the most. Since all these reversals are related to governance, I can't help but share that, quite ironically, in ancient Athens, where they invented democracy, the pathetic word for the sort of ordinary citizen who had a vote was idiosyncrasy. After all, it is us, the idiosyncrasies, who suffer the most when leaders dangerously decide on misleading people; when banks turn a blind eye to the biggest corporate liabilities and when law enforcement agencies break laws the most. Alas.

The writer is Managing Director, Mohammadi Group.

PROJECT SYNDICATE

Could a basic income help poor countries?



PRANAB BARDHAN

THE old idea of recasting the welfare state by instituting an unconditional universal basic income has lately been capturing imaginations across the political spectrum. On the left, it is regarded as a simple and potentially comprehensive antidote to poverty. On the right, it is viewed as a means to

demolish complex welfare bureaucracies while recognising the need for some social transfer obligations in a way that doesn't weaken incentives significantly. It also provides some assurance for the dreaded future when robots may replace workers in many sectors. But could it actually work?

So far, the question has been addressed primarily in advanced countries - and the figures do not look promising. Though Canada, Finland, and the Netherlands are reportedly now considering the idea of a basic income, some prominent advanced-country economists warn that it is blatantly unaffordable. In the United States, for example, an annual handout of \$10,000 to every adult - less than the official poverty threshold for a single person - would exhaust almost all federal tax revenue, under the current system. Perhaps it was that kind of arithmetic that spurred Swiss voters to reject the idea overwhelmingly in a referendum earlier this month.

But what about low- or middle-income countries? In fact, a basic income may very well be fiscally feasible - not to mention socially desirable - in places where the poverty threshold is low and existing social safety nets are both threadbare and expensive to administer.

Consider India, where about one-fifth of the population live below the official poverty line, which is itself very low. While citizens with so-called "below-poverty-line" cards are eligible for government relief, surveys show that about half of the poor do not have the card - while about one-third of the non-poor do.

Many other developing countries face similar problems, with benefits intended for the poor accruing to better-off people, while many of the intended recipients miss out, owing to a combination of political and administrative collusion and genuine structural challenges. Means-testing can be very difficult in an environment where jobs are concentrated in the informal sector, primarily in self-employment, without any formal account-keeping or income data. Under those circumstances, identifying the poor can be costly, corrupt, complicated, and controversial.

An unconditional basic income could eliminate much of this mess. The question is whether governments can afford it, without increasing the burden on taxpayers and undermining economic incentives.

In India, the answer could be yes. If each of India's 1.25 billion citizens received an annual basic income of 10,000 rupees (\$149) - about three-quarters of the official poverty line - the total payout would come to about 10 percent of GDP. The National Institute of Public Finance and Policy in Delhi estimates that every year the Indian government doles out significantly more than that in implicit or explicit subsidies to better-off

sections of the population, not to mention tax exemptions to the corporate sector. By discontinuing some or all of these subsidies - which, of course, do not include expenditures in areas like health, education, nutrition, rural and urban development programmes, and environmental protection - the government could secure the funds to offer everyone, rich and poor, a reasonable basic income.

If the government lacks the political courage to eliminate enough subsidies, two options remain. Either it could take steps to boost tax revenues, such as by improving property-tax collections (currently extremely low), or it could reduce the level of any basic income it introduces.

What governments should not do is fund a basic-income scheme with the money from other key social-welfare programmes. While a basic income can replace some egregiously dysfunctional welfare spending, it cannot substitute for, say, public education and health

care, preschool nutrition programmes, or employment guarantees in public works. After all, the basic income would still be severely limited, and there is no way to ensure that individuals would allocate enough of it to achieve socially desirable education, health, or nutrition levels.

In a range of countries, including Ecuador, India, Mexico, and Uganda, have not provided much evidence of such misuse; in general, the cash is spent on worthwhile goods and services. Proposals for a universal basic income, fancied by utopian socialists and libertarians, may be premature in the advanced countries. But such schemes should not be dismissed in the developing world, where conditions are such that they could offer an affordable alternative to administratively unwieldy and ineffective welfare programmes. Basic incomes are no panacea; but for overworked developing-country citizens living in extreme poverty, they would certainly be a relief.

The final argument against basic income is that the poor will use the money to fund personally or socially detrimental activities, such as gambling and alcohol consumption. But experiences with direct cash transfers

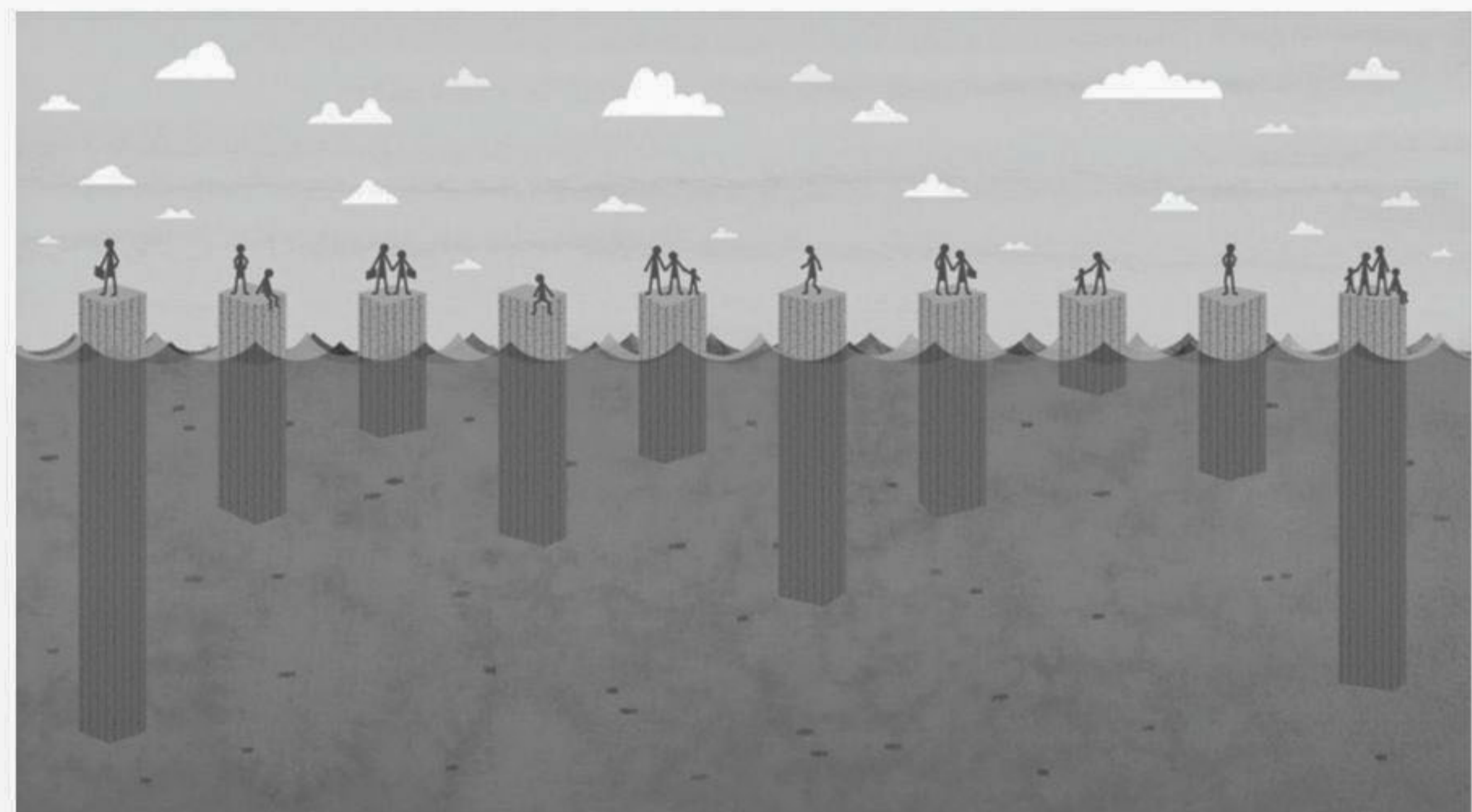


ILLUSTRATION: ANDREW J. NILSEN / FASTCOEXIST.COM

care, preschool nutrition programmes, or employment guarantees in public works. After all, the basic income would still be severely limited, and there is no way to ensure that individuals would allocate enough of it to achieve socially desirable education, health, or nutrition levels.

If these limitations are taken into account, there is little reason to think that a basic-income programme could not work in developing countries. Indeed, the most frequently heard arguments against such schemes are far from convincing.

The main drawback, according to critics, is that a basic income would weaken the motivation to work, particularly among the poor. Given that the value of work extends beyond income, the logic goes that this could pose a serious problem. European social democrats, for example, worry that a basic income could undermine the worker solidarity that underpins current social-insurance programmes.

Proposals for a universal basic income, fancied by utopian socialists and libertarians, may be premature in the advanced countries. But such schemes should not be dismissed in the developing world, where conditions are such that they could offer an affordable alternative to administratively unwieldy and ineffective welfare programmes. Basic incomes are no panacea; but for overworked developing-country citizens living in extreme poverty, they would certainly be a relief.

The writer is Professor of the Graduate School at the University of California, Berkeley. His latest two books are *Awakening Giants, Feet of Clay: Assessing the Economic Rise of China and India and Globalization, Democracy and Corruption*. Copyright: Project Syndicate, 2016. www.project-syndicate.org (Exclusive to The Daily Star)

COMMENTS

"SP Babul Akter 'interrogated'"
(June 26, 2016)

Kazi Golam Moula

We want to know the true story behind this heinous murder.

"Rice-laden trucks off to Nepal"
(June 26, 2016)

Prapon

On the banner, it should have been written 'from the People's Republic of Bangladesh' instead of 'Prime Minister of the Government of Bangladesh'.

LETTERS TO THE EDITOR

letters@thedailystar.net

Road safety during Eid

During the Eid, majority of the people travel by bus as they cannot avail railway tickets. Unfortunately, a lot of bus drivers resort to reckless driving which results in fatal accidents. Also, buses that are not fit for long distance travel are brought to the roads to



PHOTO: STAR

meet the increased demand.

We hope this year the authority will give due importance to road safety and make sure that the people enjoy a safe journey to and from home.

Zabed Wali
Chittagong

They have a right to be accepted in this world

I'm speaking on behalf of all the transgender and bisexual people. YouTube has recently posted a video showing how alienated they feel living in societies that are not inclusive of everyone. God made us all differently and we need to learn to accept it; they have a right to be accepted in this world.

Addrita Sumehra Latif
On e-mail

Record holidays!

During the late 1960s and early 1970s, we had only one day holiday in addition to the Eid day and another day as optional holiday. We had to apply for leave if we wanted to be away from work for more than two days.

The world is changing and moving faster now than before. But it seems Bangladesh is moving backwards in terms of office

holidays. This year, all public offices including banks will remain closed for 9 days which is unimaginable in this competitive world. Businesses especially the garment sector (although with fewer holidays than public holidays) will surely be affected due to this very long vacation. Can our economy afford it?
Lutfi Ali
On e-mail