

The shrinking of an eight-lane highway

Clear it of the illegal occupiers

IT was welcome news when our Prime Minister inaugurated the upgrading of the Jatrabari-Kanchpur road to eight lanes. It was designed to ease congestion on the Chittagong-Dhaka and Dhaka-Sylhet highways. The project cost was 131.99 crore.

Yet it is with great dismay that we see that this huge expenditure and effort have come to naught. A report by this paper has found that the eight-lane highway has practically become a four-lane road. This is because a large portion of the highway has been illegally occupied by lorries and trucks on both sides, leaving the road as narrow as before. Thus it seems that this humungous project had been geared to provide a free parking zone for heavyweight vehicles!

This illegal occupation has led to the median being broken at several points to create illegal U turns, slowing down traffic further. What is even more frightening is that the narrowing of the road has given reckless drivers an incentive to drive on the wrong side – a sure recipe for fatal accidents.

Now we must ask, why was this allowed to happen? It is unthinkable that the state does not have enough manpower to make sure that these highways are cleared of any illegal parking, let alone a permanent parking zone. What have the highway patrol been doing, have they not noticed this glaring anomaly?

After such a lot of fanfare surrounding this eight lane upgrade, the public, for whose benefit this project had been completed, is extremely disappointed by the apathy of the law enforcers that has allowed unscrupulous truck and lorry owners/drivers to blatantly flout the law and make the highway their own parking space. We are waiting for the authorities to immediately take action against the illegal occupiers and clear the highway.

Attack on journalists

We condemn it

WE strongly condemn the attack on on-duty journalists in the heart of the capital's Chakbazar area this Saturday. The reporter of an independent television channel and a cameraperson, who were filming two allegedly illegal polythene factories, were beaten by a gang of miscreants and had kerosene poured on them. The intention was to set the journalists on fire. It is the duo's sheer luck that they managed to escape before their assailants could immolate them with a box of matches.

Bangladesh is no stranger to such dastardly attacks on journalists and freedom of speech. Indeed it is not the first time that a reporter has been attacked in the line of duty. This is especially so for those who report crime as they are vulnerable to assaults by those they write against. Tragically, a culture of impunity cloaks all the incidents of murder and abuse of journalists. However much we protest, almost all cases of journalist killings in Bangladesh in the last decade have been left unresolved. Either the investigation process does not see the light of day, or no one is arrested, far less handed down charge sheets or convicted.

This makes a mockery of the kind of society we aspire to be. We believe the Chakbazar assault was meant to prevent the public from knowing the hard truth; it needs to be investigated and the perpetrators of this heinous act must face trial. We urge the government to identify the attackers and bring them to book, which is a must to arrest the disturbing practice of intimidation of the media prevalent in the country. Unfettered journalism and rule of law go hand in hand.

LETTERS TO THE EDITOR

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Good experience at Income Tax Fair

It was a pleasant experience to visit the Income Tax Fair 2016 and to deposit my tax return without any hassle and wastage of time. The National Board of Revenue (NBR) deserves appreciation for holding the Income Tax Fair so magnanimously. They also acknowledged the taxpayers by presenting a souvenir containing an important guide book on how to fill-up the tax return form and other related tax issues.

I would like to extend my sincere thanks and appreciation to NBR. We hope that the NBR will continue to improve their services in the future.

Professor M Zahidul Haque
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Restaurants need to hire skilled chefs

We are all aware that there isn't much to do in the city besides eating out at restaurants with family and friends. The food quality and service of some restaurants, however, are questionable. A possible reason behind this could be the insufficient number of skilled chefs to keep up with the increasing number of restaurants. The ensuing gap is often filled up by blundering chefs who have not had enough training or experience.

Restaurant owners should be more cautious while recruiting chefs, as customers' satisfaction and their health are directly affected by the performance of the chefs.

Mashrura Iffat
 East West University

Is US public opinion turning against free trade?

DR. ABDULLAH SHIBLI

IT'S no secret that the American public is now increasingly voicing their concerns about free trade and trade pacts such as NAFTA and the Trans-Pacific Partnership (TPP) agreement. Both Hillary Clinton and Donald Trump have declared their opposition to TPP and hardly a day goes by without top economists and policy makers who are ardent free-traders speaking out against TPP. Jeff Sachs of Columbia University and Nobel Prize winning economist Joe Stiglitz have recently written strongly on this topic. So, citizens of small countries such as Bangladesh which are economically dependent on export earnings are getting increasingly confused and feeling threatened. Will the coming years see trade barriers go up once again, and is Bangladesh going to face a tougher external trade regime, particularly in the US? The short answer to both questions is no, but to understand and navigate through the rough waters in future, our policy makers need to pay careful attention to swings in public opinions in the US and Britain.

First of all, let us ask, "Why have erstwhile advocates of free market now changed their tune?" To answer this

Polls: How do you feel about rolling back free trade agreements?

Choices	Percentage
Very Strong Opposition	4
Strong Opposition	3
Weak Opposition	6
Neither Favor or Oppose	50
Weak Support	12
Strong Support	13
Very Strong Support	12

question, one does not need to seek too far. Trade policies are not always win-win for all segments for a country's population. When classical economists like Paul Samuelson or Jagdish Bhagwati first expounded the Pure Theory of Trade, they assumed that eventually the benefits would trickle down to the workers who lose their jobs due to lower priced foreign goods. If textile factories in the US shut down due to competition from cheaper garments from China, theory tells us that the unemployed workers in the US will find jobs in sectors that begin to thrive due to greater exports, such as software development and technology. But, this scenario does not always pan out. Workers need training and relocation expenses to move from, for example, Massachusetts to Washington or California. And if that does not happen fast enough, unemployed workers eke out a living working in low-paying jobs or dropping out of the job market. And these issues have been raised time and again by the economists in the US and the politicians in Britain.

Now, turning to evidence, if we look at data from 1988



PHOTO: AFP

to 2008, trade only benefitted the top 1 percent of the world, and the middle class in the newly emerging economies. They were the big winners. The losers were those at the bottom and the middle and working classes in the advanced countries.

Stiglitz in *The Daily Star* wrote, "In my recent book *Rewriting the Rules of the American Economy*, the rules of the game need to be changed again – and this must include measures to tame globalisation. The two new large agreements that President Barack Obama has been pushing – the Trans-Pacific Partnership between the US and 11 Pacific Rim countries, and the Transatlantic Trade and Investment Partnership between the EU and the US – are moves in the wrong direction."

In an article titled, "The truth about trade", Jeffrey Sachs said, "I am a believer in expanded international trade, but I am an opponent of TPP and TTIP." In his view, TPP offers corporations more power. And since with any trade pacts, some sections of the economy lose jobs and are not compensated for their losses, Sachs suggests a moratorium until these distribution issues are addressed by Congress. In an article in *The Daily Star* (October 4, 2015) under the headline, "The Trans-Pacific Free-Trade Charade", Stiglitz and Hersch raise a few objections to the provisions of TPP which they feel "would advance an agenda that actually runs counter to free trade". They identify, among other factors, investor-state dispute settlement (ISDS) systems incorporated in TPP as serving the interests of big pharmaceutical and cigarette companies.

Paul Krugman of Princeton University won the Nobel Prize on articles he wrote on the benefits and mechanism of free trade. But, even Krugman has recently turned his powerful and rhetorical column in the *New York Times* against free trade. He writes, "So the elite case for ever-

freer trade is largely a scam, which voters probably sense even if they don't know exactly what form it's taking." And then he continues, "It is fair to say that the case for more trade agreements – including TPP, which hasn't happened yet – is very, very weak."

So, it appears that on both sides of the Atlantic, three groups have ganged up against free trade: politicians, the voting public, and the one-time free-market economists. However, that is only a superficial view. The public know that free market allows cheaper banana and coffee to be on their menu, and assures them of the availability of iPhones and apparels – as well as the Kias and Hyundais that make it possible for them to travel on the fabulous highway system in the US.

And here if we turn to surveys the evidence is mixed. What do public opinions polls show? In a recent survey, voters were asked the following question, among others, "How do you feel about rolling back free trade agreements?" The results are as follows:

Does this data show that the US public opinion is opposed to trade pacts? The answer is no. We notice that if we add up the percentage of voters who are either indifferent or oppose rolling back free trade pacts, more than 63 percent are not against free trade. However, whichever party wins the election, it needs to pay attention to the issue of "gains from trade" within a country. Politicians can't just be chasing free trade agreements that only safeguard the interests of multinational corporations but in the coming decades enact tax policies, income redistribution mechanisms, and training programmes that bolster the population that are left behind.

The writer is an economist who writes on public policy issues.

PROJECT SYNDICATE

Can Lebanon escape the resource curse?

NASSER SAIDI

AFTER two and a half years without a president, Lebanon's Parliament has elected Michel Aoun to the post. Now, Lebanon can turn its attention to oil and gas production, with policymakers' expectations running high – verging on irrational exuberance – that an energy windfall will jumpstart the country's economy, which has suffered from poor political and economic governance and the spillover effects from Syria's civil war.

Lebanon's potential hydrocarbon wealth could indeed transform the country, as well as providing a model for other Middle Eastern energy producers to follow. But policymakers must be mindful of four major risks. For starters, oil and gas prices are volatile, and fossil fuels in general have an uncertain future. Oil and gas prices have declined by some 60 percent since June 2014, and it is unlikely that they will recover over the medium term. We are in the age of oil's "new normal," defined by plentiful alternative energy sources.

Second, the size of Lebanon's recoverable energy reserves is uncertain. Equally important, even under the most optimistic scenarios, the country's capacity to manage oil and gas extraction, production, and distribution is uncertain as well.

Third, ongoing territorial disputes in the region – and the absence of agreed maritime borders with Cyprus, Israel, and Syria – creates legal uncertainty about who owns and may exploit certain oil and gas blocks.

Fourth, Lebanon's leaders must deal with its dysfunctional politics and dismal governance, which are likely to frustrate any attempt to manage its natural resources transparently and sustainably.

So, can Lebanon escape the curse of the "devil's excrement" that has afflicted many of its Middle Eastern neighbours?

The International Monetary Fund's estimate of Lebanon's potential oil and gas revenues optimistically assumes that production will start in 2021, reach full capacity by 2036, and continue until 2056. In this scenario, once production starts, resource revenues would constitute about 2.8 percent of Lebanon's non-oil GDP, and would account for about 9 percent of government revenues at peak production, before gradually declining.

But even if oil and gas blocks are auctioned off almost immediately, in 2017, and then successfully explored, the resulting revenues would not arrive until 2022 at the earliest. Manna from heaven is not about to fall on Lebanon.

Meanwhile, Lebanon's new leadership must address the government's dismal fiscal predicament, including a 2016 budget deficit amounting to 8.1 percent of GDP and government debt totaling 144 percent of GDP – one of the highest public-debt ratios in the world. This means that Lebanon must undergo strong fiscal adjustments sooner, rather than later, and that any future oil and gas revenues will have to be heavily discounted.

But Lebanon's governance is the more critical issue, because the country must now build a foundation to manage its fossil-fuel wealth properly. The main lesson from other resource-rich countries is that, in the absence of good governance – strong institutions, the rule of law, effective

agencies and companies to disclose information relating to hydrocarbon extraction and production. This would include contracts and licenses; details about how blocks – and exploration and production rights – are auctioned and awarded; revenue figures, to ensure that companies comply with the "Publish What You Pay" principle; environmental-impact studies (offshore and onshore); and reports on how the government allocates its revenues.

Second, Lebanon should formally adopt the Natural Resource Charter. The Charter's 12 precepts to guide stakeholders' decision-making should be integrated into relevant legislation and regulations by the Lebanese government, Parliament, applicable

the sustainable contribution from resource revenues), while cyclical revenue would be saved in a sovereign-wealth fund. Similar to Chile and Norway's well-known precedents, such a rule would stipulate that all energy-price windfalls automatically be saved, and that government spending be determined by cyclically adjusted tax revenues and a share of energy revenues.

The stakes for Lebanon are high. A troubled country in a tumultuous region, it could transform itself if it soundly and efficiently manages its prospective oil and gas wealth. Or it could succumb to the curse, which would entrench the country's waste, nepotism, corruption, and inequality.



ILLUSTRATION: ISTOCK

regulations – Lebanon's energy windfall will likely lead to more corruption, as special interests and politicians try to capture the rents for themselves.

With Lebanese politics persistently in a quagmire, the new leadership must establish a sound fiscal regime and a robust governance framework to ensure transparency in energy exploitation and production, fiscal sustainability, and intergenerational equity. It can do so if it follows the right roadmap.

First, to guarantee that Lebanon's natural resources are prudently managed, the government should formally join the Extractive Industries Transparency Initiative (EITI). The EITI would require government

regulatory agencies, and civil-society actors such as the Lebanon Oil and Gas Initiative.

Third, Lebanon should establish an independent energy regulator, by making the Lebanese Petroleum Administration independent from the Ministry of Energy and Water and widen its mandate to manage Lebanon's natural resources. Separation and independence from the ministry is needed to protect natural-resource management and decision-making from political interference.

Finally, Lebanon should adopt a legal framework for setting long-term constraints on fiscal policy. In particular, government expenditure should be determined by an estimate of permanent income (including

Lebanon's oil and gas wealth belongs to all of its citizens, current and future. If the new leadership bases its decision-making on a national consensus – and under a governance framework that ensures transparency, disclosure, and accountability – the curse will be cast off. And others in the region might see such success as worthy of emulation.

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