

A pentagon model to make the budget simpler

Lax wheat procurement drive! Farmers lose out while middlemen gain

THE dilly dallying in the government programme to buy wheat from farmers in the district of Nilphamari is having ill effects. Farmers are being forced to sell their produce at a fraction of the cost of production, while middlemen are hoarding the supply to be sold later at a much inflated price. The food department, we are informed, has flouted a government directive to procure wheat from growers on April 28 at a cost of Tk 28 per kilo as wheat had been harvested by mid-April. It is now late May and nothing has been done, so who can blame farmers as they are fleeced by hoarders. The question here is that the timeline for harvesting wheat is not an unknown factor, so what is the reason for this delay in planning and executing the government procurement programme that happens every year?

The tolerance threshold for farmers is very low and they really have no fallback position when it comes to recuperating costs as soon as the crop is harvested. And what happens to the government's own plans to purchase 1,315 tonnes of wheat this year directly from farmers in six upazilas of the district? The explanation given by union agriculture office about the difficulty in verifying farmers list is, unfortunately a lame one because the preparatory work for this should have started months ago and not when it is time to harvest. One wonders if there is a possible connections between officials at field level and middlemen wholesalers who are busy stocking the precious crop, only to be offloaded when an artificial crisis of wheat emerges later on.

Glaring gross mismanagement Where is the accountability?

THERE is no doubt that Bangladesh has made some rapid strides to develop and improve its infrastructure in recent times, particularly in Dhaka city. Poor maintenance and inefficiencies, however, mean that the general public are still denied of much of the expected benefits of development, as made evident by two photographs published by this newspaper.

According to locals, a two-km stretch of the Jatrabari-Demra road has been in bad shape for the last six years. Things took a turn for the worse four months ago, as seen in the first photograph published on Friday, when the Dhaka South City Corporation (DSCC) started its repair work. While the DSCC mayor blamed the disaster on early rainfall, people living nearby alleged that it was the fault of the contractors who had dug up the entire two-km stretch of road all at once, leaving it unusable and dangerous to travel on.

Meanwhile, in the second photograph, heaps of garbage is seen piled up in front of the footbridge in front of Dhaka Collegiate School and beside Ahsan Manzil on the bank of the Buriganga River, driving tourists away from the historic site. The commonality that can be derived from these photographs is that city dwellers are needlessly suffering because of the authorities' grave mismanagement.

What it should also show is that development without proper planning or oversight, will be of no benefit to the public — the primary objective of development to begin with. We hope that the authorities will not fail to take heed of this lesson and will address the issues immediately.



BIRU PAKSHA PAUL

OPEN SKY
If we compare an economy to an aeroplane, fiscal policy and monetary policy would be its two wings. It is hard to argue which one is more important, but a developing economy needs both to get the economy flying. Hence, the two policies are complementary to, and not substitutes of each other. Sitting in the cockpit, the government is the pilot that runs the economy and controls the rudder to achieve the prime targets.

The major tasks or components of fiscal policy can be viewed through a pentagon model. In developing economies, where data on employment are unauthentic, targeting growth becomes optimal since growth promotes employment and thus reduces unemployment. US President John F Kennedy's economic adviser, Arthur Okun, discovered this relationship, and hence we call it Okun's law. In the pentagon model, the position of growth is at the pinnacle.

There are three layers to the pentagon: 1) the bottom layer for primary targets; 2) the middle layer for intermediate targets; and 3) the top layer for the final target. A family earns first then it decides on a slightly lower spending; a national budget, on the other hand, first sorts out its spending. Then the fiscal authority steps up to go to the second layer to hunt for sources of income. Sources such as tax and nontax revenue are already known to the government. All they do is explore new avenues for generating revenue, since current spending and development expenses always keep rising every year, partly due to inflation and partly for the growing needs of the economy.

Once the revenue figure is derived, the government gets an idea of the fiscal or primary deficit. However, the fiscal deficit is not instantly finalised this way. Usually, there is a norm that a developing country

like Bangladesh will keep its fiscal deficit within a limit both as a share of GDP and also as a share of the total budget. These two normative numbers nevertheless follow previous records along with best practices of other comparable countries. If deficits happen to throw a figure exceeding these norms and practices, the authority goes back to the figures of the three areas: revenue, expenses, and development items, until the juggling exercises deliver desirable numbers for all four components of the bottom and intermediate levels in the pentagon model.

Taka 18 will be financed from domestic sources and the rest Taka 9 will be borrowed from foreign lenders.

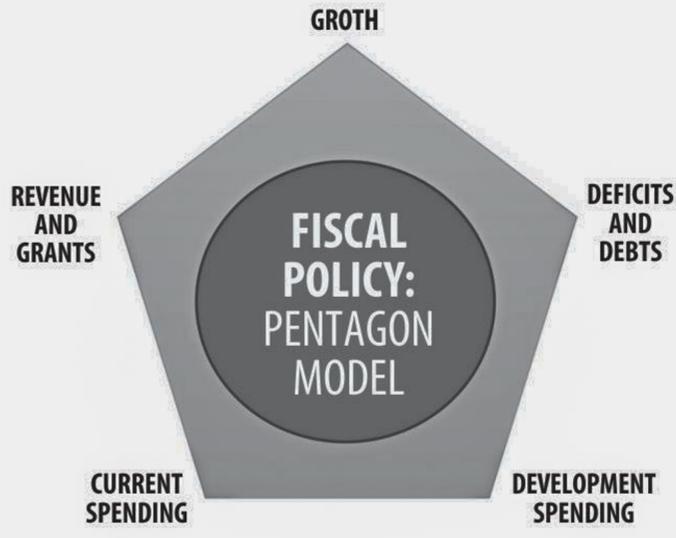
If the government did not spend on development programmes, it would scoop up a fiscal surplus of Taka 7 [= 73-66]. But that is not desirable. A developing country without a development budget would be inviting disaster on itself. Put differently, the matter of development is so crucial that the government would not hesitate to run a fiscal deficit of Taka 27 to meet the development budget of Taka 34 – which

The government must devote current expenditures to pay the public employees to service the economy so it can proceed swimmingly. Unlike a developed economy, a developing economy will always crave for growth so it can take off at one stage. As a result, the development budget plays a crucial role to help the economy graduate to the next stage of prosperity. And hence it is central for fiscal policy to pay for development of the nation. Spending on power and infrastructure transforms a nation rapidly – a case Bangladesh has already begun to evidence.

Fiscal policy is committed to hitting the growth target of 7.2 percent for FY2017 – a target equivalent of Taka 42 when the total budget is of Taka 100. Apparently it looks like a gigantically powerful budget that generates 42 percent growth. Of course, a few growth generating nations are capable of maintaining this high ratio, but that is not how growth should be attributed to the sole credit of fiscal policy. Herein comes the role of monetary policy and other sectors of the economy that jointly contribute to achieving this growth. The domestic credit that monetary policy manages is almost the half of the GDP whereas the budget is roughly the one sixth.

A rise in current spending is likely to raise growth via consumption and output, but huge unproductive current spending may reduce growth via higher inflation and lower consumption. The impact of deficits on growth is ambiguous and so is that of debts on growth. A high level of deficits, however, will risk the economy and weaken its future growth apparatus. High revenue through high taxes may reduce private consumption and thus hurt growth. But if the development spending is high enough to compensate that loss, growth may eventually go up. This series of complicated relationships among different corners of the pentagon makes the engineering of fiscal policy a difficult task for the government.

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To clarify the model further, we can take the budget of FY2017 as an example where the growth target is 7.2 percent. Say, a current spending of Taka 66 and a development spending of Taka 34 make it a budget of Taka 100 (this can be thought of as the Taka 340,605 crore in the actual budget document, and thus all figures are roughly proportional). Now the government figures out that it can earn revenue and grants of Taka 73 (proportionately Taka 248,268 crore in the actual budget). The fiscal deficit turns out to be Taka 27 [=100 – 73].

is one third of the total budget. Since the government's objective is to maximise welfare, subject to resource constraints, the determination of the fiscal deficit becomes an important task for the finance ministry. As a share of GDP, it is usually 5 percent or below for a developing country like Bangladesh. Thus, deficit and debt management turns out to be a serious task for the fiscal authority, and hence deficits and debts (accumulated annual deficits) represent one of the most important corners in the middle level of the pentagon.

Somewhere along the way, something went terribly wrong

AAMER MOSTAQUE AHMED

MISOGYNY is not a new phenomenon in our country. It is an age-old trait that has somehow become a part of our national psyche. I knew that though; I have known that for a long time now. But what I failed to recognise was the extent of it. I never for once realised how deeply entrenched this trait had become in our country; it is the dark side of our culture.

Can a culture possibly have a dark side? The short answer is, yes. Deeply ingrained social behaviours and norms, born out of hatred, malice and arrogance, can lead to the creation of a darker side of culture. And unfortunately, or rather tragically, misogyny has become such a part.

"She is a woman and thus she should be subjugated." "She is a woman. Why would she need a promotion?" "She is a woman. So, how can she be this successful?" "How can 'SHE' achieve such glory?" And lastly, "She was raped? She must have done something wrong."

Something somewhere went terribly wrong along the way in our society and we have started to pay a high price for that. But, what went wrong can always be amended. A new beginning can always be initiated.

She must have done something to deserve this!"

These utterances, mentioned above (because most the people in our country utter these lines in their minds) have taken the lead among all opinions. Rational thoughts and legitimate claims have taken a back seat. Rights, equality and even social justice are fading into the background. The realisation about the deeply



ILLUSTRATION: ALBERTO RUGGERI

entrenched misogyny hit me hard very recently as I got embroiled in arguments regarding rape victims. I was astonished to find many people pointing the finger at the victims rather than the rapists. In most of those arguments, I was the sole voice, one against many, arguing for something for which there should not have been any argument in the first place. I felt cornered. I felt alone. I felt enraged. Don't they understand what a heinous crime rape is? Don't they realise that rape in our society means condemning the victim to a living death?

This country of ours was born through the sacrifices of many. Hundreds of thousands of women suffered at the hand of the invading army. They raped the women. They maimed them. They killed them. Some of those stories are so horrifying that it defies reality. With such horrible experiences, we as a nation should have had a united front against such an atrocious crime. Yet somehow that is sadly not the case. People here still try to find faults with the rape victim and not with the actual culprit. A sick standard has been developed over the years for women in our country, and the majority of the people in this country still measure women with that same sick standard. It is being used to measure the "character flaws" of the rape victims even

today in order to shift the blame on them. One would have thought that things should have improved with the current reach of education in our society, yet it feels like things have got worse somehow.

What went wrong then? Does it mean that our families are failing to instil good values and a sense of ethics in the minds of the next generation? That does not seem to be the case – most of the people I have argued against have a good sense of ethics and good values instilled in them and many of them practice those values and norms in their lives. But it is this one thing where they cross the limit and enter the chasm of despicable thinking, and they do not even realise what thoughts they are putting forward. That women have rights (to mobility or professional success for example) and deserve respect never had a place in our brand of "values and ethics" in the first place. Our edition of "values and norms" has encouraged misogyny through its complete aloofness to these ideas. The prevalent norm was always about the subjugation of women. Sadly, the trend never changed and has led to the birth of a sordid and convoluted thought process which fails to make a distinction between a rape victim and the rapist. Misogyny has always gone unchecked in

our country and now it has grown into a monstrous predicament.

There are also those who find pleasure in subjugating a woman. They find pleasure in disrespecting a woman. Those are vile creatures and many of their stooges have found voice through the spread of information technology. Many of those, whose dirty thoughts once prowled in their own minds only, are now finding comrades whose thoughts are equally vile. They are becoming a united front and the presence of misogyny in society is providing fuel to their agendas.

Something somewhere went terribly wrong along the way in our society and we have started to pay a high price for that. We cannot ensure that women in this country and this society will enjoy safety, security, equality and equal opportunity. There are very few people who believe in those ideas, and unfortunately, it is people with the opposite views that rule.

But, what went wrong can always be amended. A new beginning can always be initiated. Now the question is, are we ready to bring about changes? Are we ready to welcome a new dawn?

The writer works in a Financial Institution and has co-authored the Elza Octavella comics series.

LETTERS TO THE EDITOR

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The land of the thief mines

We thank Chief Justice Surendra Kumar Sinha for his comment at a judicial conference at the Tangail circuit house on May 17, 2017. He said that Tk 60 out of every Tk 100 allocated for development purposes in the country is stolen. "This is the real picture. As a Chief Justice, I don't want to say more," he said. It reveals a very grim picture indeed. How will the country prosper if this is the state of affairs? This reminds of something Bangabandhu Sheikh Mujibur Rahman once said – "Everyone gets gold mines, but I have got thief mines." How right he was. A country will never be able to grow if its roots are not strong. We hope people will understand that and act accordingly.
Nur Jahan
Chittagong

On "GOLD FINGERS" by Naveed Mahub

I just read Mr. Naveed Mahub's write-up on the rape incident that occurred in Banani. The article forces us to think deeply about where our future generations are heading. Mr. Naveed, in his unique witty style, points out the common fate of most rape cases in the country. It's unfortunate that our society reacts to such cases only with sympathy, not with an initiative to ensure justice.

I'd like to add that instead of having such a long introduction, we, the readers, would've liked a more detailed insight into the writer's take on the updates of the investigation, and the gold smuggling, tax dodging, and other illegal activities of the culprits that have been revealed.
Zahid
Pallabi