

Negligence costs 5 lives in Sitakunda

Evacuation efforts have to be realistic

WE are, once again, saddened to know that five more precious lives were lost due to landslides in Sitakunda, Chittagong. It is incomprehensible that even after over 170 people were killed just five weeks ago, because of landslides, the local administration has failed to make sure people in these vulnerable areas are evacuated to safety. The administration thought it was enough to merely warn the people of impending disaster through loudspeakers. Such apathy and negligence in the wake of a tragedy is unacceptable.

A few days ago, in the 17th meeting of the high-powered Hill Management Committee (HMC), local officials found some time for introspection, and vowed to take action against individuals who had so irresponsibly settled people on risky hill slopes in Jungle Salimpur and Sitakunda, where the latest tragedy took place. Despite such promises no concrete action has so far been taken to address the problem.

Indeed, the administration snaps the connection of utilities during the rainy season, and now warns it will do so again, but one wonders whether that alone would solve anything. Forcing people to choose the lesser of two dangers did not work before. If they have nowhere else to go, common sense tells us, they will continue living there despite the dangers.

We urge the local administrations to evacuate vulnerable people from the already identified danger zones such as Jungle Salimpur, after ensuring rehabilitation for the landless and poor among those people. All the danger zones should then be under regular surveillance to prevent them from being reoccupied. We cannot afford to let more lives be lost.

Chittagong port cargo handling glut

No respite before port is expanded

THE problem of cargo congestion at the Chittagong port is increasing day by day. There is a shortage of lighter vessels to transport containers from ocean-going vessels that must offload at outer anchorage as the draft does not allow for these to berth at the port. Indeed, there is also a lack of enough berths for the vessels to dock. All in all, we have a situation that has built up a queue of vessels waiting to get berth. This has been going on since last May. We are informed that shipping liners must count steep demurrage for goods to be unloaded after berthing at docks. This has prompted shipping liners plying the Singapore-Chittagong route to raise price per container by USD 150 because of the congestion. Indeed the traffic has cut down shipments by liners on this route to one shipment (as opposed to two earlier) per month.

We did not arrive at this situation in a day. The problems of lack of infrastructure have been accruing over the years. The number of jetties has remained the same since 2007, while import volume has risen from 1 million to 2.4 million containers as of the last fiscal year. Port infrastructure has simply not grown to handle this extra volume and the plan to build a container terminal is now scheduled for 2019. Our failure to prioritise Chittagong port is translating into higher end prices for all goods and raw materials coming out of it. The backlog in unloading these goods (counting demurrage) means that the market price of imported products is rising and we, the consumers, bear the cost. It also does little to improve our cost of doing business, and our image as a whole, with the largest port in the country in a dysfunctional state.

LETTERS TO THE EDITOR

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Bamboo as substitute for iron!

The word “bamboo” dominated headlines of news dailies in Bangladesh last year, since bamboo sticks had been used instead of iron rod in the construction of a building of Department of Agriculture Extension (DAE) in Darshana upazila of Chuadanga. The phenomenon has now reappeared again in Bandarban Government College.

Why this repetition? This is a really grave and heinous offence that can destroy resources and take many lives. It is high time that the authorities looked seriously into this matter, even if the culprits are from the ruling party as mentioned in news reports.

Sharif Ahmed, *By email*

Inward remittance downfall and remedies

Remittance sent by Bangladeshi expatriates through legal channels has seen a sharp decline recently. The Bangladesh Bank, to revamp the remittance inflow, asked commercial banks to reduce the charges involved in sending remittance. As it turns out, it was actually the exchange houses that imposed exorbitant charges, discouraging people from sending their hard-earned money back home. Moreover, the bank USD/Taka exchange rate is below the rate in the informal channel, which encourages remittance senders to use illegal channels like Hundi instead. Hundi service providers deliver remittances to the doorsteps of the receivers, whereas the banking channel involves cumbersome procedures.

The authorities should take appropriate actions against the illegal Hundi system. Remitters must get a good rate against their currencies and be freed of cumbersome processes. Setting up remittance desks in bank branches might be a good idea.

Mohammad Zonaed Emran
Mutual Trust Bank Ltd.

POSTPONEMENT OF VAT ACT

When politics overpowers economic rationale



MACRO MIRROR
FAHMIDA KHATUN

POSTPONE MENT of the implementation of Value Added Tax (VAT) and Supplementary Duty (SD) Act of 2012 for the next two years is deemed to be a blow to the proponents of VAT.

It has been a highly debated issue and the business community was unhappy from the beginning. They felt that it would be a pressure on them and reduce their profitability. Consumers were confused and apprehensive. They felt that any additional tax would be passed on to them as always and raise their cost of living.

Policymakers planned to bring transparency into the system and increase VAT collection. And rightly so. Out of 850,000 registered business taxpayers, only 32,000 are reported to pay VAT. We have been calling for tax reform through a modern and dynamic tax system and suggested a reduced VAT rate at 12 percent instead of the proposed 15 percent considering the tax burden on various sections of the society.

The overarching goal of the new VAT law is to expand and improve revenue generation as well as rationalisation of VAT imposition and collection process. The size of the economy is expanding, and so is the budget. Budget for FY2018 sets its target for total expenditure at Tk 400,266 crore and total revenue at Tk 287,991 crore. The major sources of revenue generation are income tax from individuals and companies, VAT, import duty, non-NBR tax and non-tax receipts. With the postponement of VAT act the fiscal framework of the budget will change, resulting in the change in revenue mobilisation efforts.

The most likely change is a shortfall of revenue. However, the magnitude of the shortfall will depend on the delivery of the budget. Following the previous years' tradition, both revenue mobilisation and public expenditure may be lower, keeping the fiscal framework more or less the same.

Just to recap a few numbers, the fiscal framework of budget for FY2018 has projected a revenue growth of 31.8 percent against the trend growth rate of 15.3 percent. So the additional revenue collection has to be Tk 69,496 crore. Public expenditure is set to grow at 26.2



percent against trend growth rate of 14.7 percent, making the incremental expenditure target Tk 83,092 crore. Total budget expenditure is set at 18 percent of GDP, compared to 16.2 percent in the revised budget (RB) of FY2017, putting revenue income at 13 percent of GDP which was 11.2 percent in RBFY2017. Allocation for Annual Development Programme (ADP) has increased as well to 38.3 percent of total public expenditure against 34.9 percent in RBFY2017. The tradition of five percent budget deficit of GDP continues this year, which again remains below the target due to lower budget implementation.

If these targets are to be achieved, efforts on both the expenditure and revenue front have to be expedited. This is a far cry in the current context of implementation record. If budget expenditure is 90 percent, which is a best case scenario, actual budget will be Tk 340,266 crore. So VAT non-implementation may not be so stressful on resource mobilisation efforts. But there will still be a shortfall. If the revenue collection rate remains the same as FY2017, deficit will be Tk 43,000 crore.

The new scenario without implementation of the VAT Act calls for greater momentum in revenue

mobilisation efforts. Broadening of tax net through identifying new sources of tax is critical. The Household Income and Expenditure Survey (2010) shows that only 27.3 percent of all potential income taxpayers declared income tax. Tax evasion is demotivating for honest taxpayers. For better collection, the need for adequate and skilled human resource and full automation of the NBR has been emphasised time and again.

In case of expenditure, prioritisation is needed. Projects which are carried over and are about to be completed need more attention. Though a large part of this year's ADP is set for fast-track projects, progress is not impressive in most cases, except for the Padma Bridge while cost escalation of these fast-track projects continues. Borrowing from costlier sources such as National Savings Directorate (NSD) is increasing with the risk of higher debt despite the option to borrow from other domestic sources such as banks. Low income families rely on NSD, so it may be difficult to reduce NSD interest rates. But the government could rationalise the limit of NSD purchase by individuals. Better utilisation of external resource can also give some respite on domestic resources. There is scope to restrain non-development expenditures, including block allocation, recapitalisation,

subsidy, etc. Allocation for recapitalisation of non-performing state-owned banks is a waste of public resources as there is no improvement on banks' health. This year, Tk 2,000 core has been kept aside for such recapitalisation.

Clearly, there was a lack of consensus among policymakers and the business community on VAT. It seems there was inadequate discussion and insufficient preparation for its implementation. Its implications for the common people were also not properly understood or analysed. This has resulted in intervention through high-level political decision-making at the last minute.

The saga of the new VAT law in Bangladesh is a classic example of political decisions overpowering economic rationale. At a time when our external sector is going through challenging times with low export growth and negative remittance growth and global aid is drying up in the advent of a new world order, the need for domestic resource mobilisation is crucial. One can only hope that a detailed work plan for higher resource mobilisation through a strong tax system is high on the agenda of policymakers.

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No, Mr Macron, anti-Zionism isn't necessarily anti-Semitism



NAZMUL AHASAN

WHEN Vichy France's puppet government headed by Philippe Pétain rounded up thousands of Jews for deportation to Nazi camps, it was to protect his imaginary sovereignty. France was under Nazi occupation, but Pétain cared so much about his country's pseudo-sovereignty that he would carry out the deportation instead of letting his Nazi masters take the trouble to do so.

Almost 75 years later, while speaking at an event commemorating the shameful incident known as Vel D'Hiv Roundup, the French president Emmanuel Macron went a little further than expected to repent Pétain's sin. With him at the site, from where those 13 thousand Jews were dispatched to their death, was a guest deemed unwelcome by many Jews in current-day France: Benjamin Netanyahu, the Israeli premier. In an apparent bid to please his guest, Emmanuel Macron declared that criticising Israel's foundation is a “reinvented form of anti-Semitism,” a racist slur or prejudice used to single out Jews.

Many Jews considered Benjamin Netanyahu's presence at the event to be irrelevant. While Israel came into being after the Second World War, which was marked by the atrocious Holocaust, and was designed to be a shelter for Jews in accordance with the Zionist blueprint, too many followers of this religious group living across the world don't like to think that Israel represents them. That's the first and foremost difference between being a Jew and a Zionist.

With ultra-right forces rising across many parts of Europe, France has recently seen a renewed tide of anti-Semitism. Therefore, it was imperative for Emanuel Macron to address the problem; and there couldn't have been a more

opportune moment than the 75th anniversary of the Vel D'Hiv Roundup to pledge his commitment to fighting this bigotry.

What Macron did wrong, however, was that he simply blurred the line between a form of political criticism of Israel, called anti-Zionism, and hostility to the Jewish people in general called anti-Semitism.

If a Palestinian inheritor of an Arab family expelled during Nakba (the 1948 Palestinian exodus) wants to criticise the foundation of Israel as a cause of his family's endless misery,

“political Islam” and “radical Islam”.

In an event marking a sad day in the Jewish history, Benyamin Netanyahu reserved a prominent portion of his speech for this. He appeared desperate and forceful to reinforce the “Islam-hates-the-West” notion by repeating those words over and over again.

For a right-wing, opportunist, and anti-Muslim politician like Netanyahu, this was a measured move intended to foment the Islamophobic sentiment sweeping across Europe, fuelled by a series of terror attacks and the European



Israeli Prime Minister Benjamin Netanyahu (L) and French President Emmanuel Macron at the ceremony commemorating the 75th anniversary of the Vel d'Hiv roundup in Paris, France, July 16, 2017.

should she or he be condemned as anti-Zionist aka anti-Semite?

Maybe that's an extreme and obvious example, but there are clearly defined distinctions between the two terms. Anti-Zionists might include anti-Semites, but these two terms are not necessarily interchangeable.

Sadly, in his speech on July 17, Macron also failed to detect another racial prejudice taking place right under his nose. His guest of honour of the day, Netanyahu, invoked an Islamophobic attack in the guise of denouncing

refugee crisis.

In fact, Netanyahu should have been the last person for Macron to stand by while addressing anti-Semitism. This demagogue has repeatedly refused to denounce anti-Semitic acts or tone by some European and American right-wing leaders he deemed his allies. Most recently, he sided with Hungary's Prime Minister Viktor Orbán when the latter launched a blistering campaign with subtle anti-Semitic tones against George Soros, the Jewish billionaire who poured millions of dollars into liberal causes

including fights against “Israel's racist policies”.

Also, he was silent when the US administration simply omitted any reference of Jews in its statement marking the Holocaust. Netanyahu's administration and his ambassador to the US rather enjoyed a cosy relationship with Steve Bannon, the White House's chief strategist, whose alt-right movement embodies many Nazi rituals.

Macron should have asked himself why many of those ultra right-wing leaders, one of whom he defeated in the last presidential election, hold Israel so dear and at the same time invoke anti-Semitic prejudice to appease their equally deplorable followers. The fact that the political project (Zionism) representing Israel may tolerate and assimilate proponents of anti-Semitism speaks volumes about the differences between anti-Zionism and anti-Semitism. Emmanuel Macron is no progressive. He's an outright liberal in terms of economic policies. On the front of social and political liberalism, however, we are beginning to see a different face of this liberal darling. Most disturbingly, he has recently said of Africa having a “civilisational” problem and that the benefits of foreign aid were nullified because of African women having “seven or eight children.”

Considering France's own colonial venture in Africa, which the colonialists would see as 'mission civilisatrice' (Civilising Mission), liberal political commentators are almost in consensus that his remarks were indeed racist.

In a country that hasn't gone through an intense and critical reflection on its brutal colonial operations in many parts of the world, Macron's comments didn't raise alarm bells in France. But after hearing his racist remarks against Africans, one genuinely wonders whether he is in any position whatsoever to determine the border and the definition of a racist prejudice such as anti-Semitism.

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