

World economic outlook for 2017 and beyond

Most of city's human waste untreated

Water bodies, public health at grave risk

WE are shocked to know from a report in this paper that 80 percent of Dhaka city's human waste goes directly into its water bodies, leaving the water contaminated and untreatable. This poses a huge risk to public health (outbreak of serious waterborne diseases) and the environment. What is appalling is why a crucial apparatus as sewage management has not been upgraded to meet the demands of a city growing at such an exponential rate. Dhaka now has around 1.75 crore people and the sewerage authority, Wasa, can treat only 20 percent of the city area. Can this be an acceptable rate of sewage treatment that leaves unmanaged the remaining 80 percent of waste?

The growth in the city's population and unplanned construction of buildings are an ongoing process so it is hardly news that the original sewage system will not be able to manage the huge increase in solid waste. The recent official letter from a ministry to the LGRD and cooperatives minister says that rivers are being contaminated by septic tanks illegally connected to storm drains and the minister has duly called upon Rajuk (Rajdhani Unnayan Kartripakkha) to ensure that there are proper septic tanks at every house and prevent such connections while issuing building permits.

Why do such instructions need to be given now for what should have been a routine task for Rajuk—to enforce the 1984 building rule that requires every owner to set up septic tanks or soak pits and manage the sewage on their own? Rajuk can fine a violator a minimum of Tk 50,000 and even cancel the building's approval. Yet the law has been shamelessly flouted for decades.

Wasa, Rajuk and the city corporations must immediately start coordinating with each other to make sure that each house has a septic tank or soak pit. Localised treatment plants for cluster neighbourhoods can also be set up to manage the waste. Without immediate steps to enforce building rules and introduce practical, innovative methods of waste management, the city will face a huge public health and environmental disaster.

Oral saline factory fails to start

What is the concerned ministry doing?

IS it not ludicrous that an oral saline factory that took six years to be completed has been lying unutilised for the last five years? The total expenditure for the project was nearly Tk 1 crore and was inaugurated by the prime minister in Madan Mohonpara of Jhenaidah district back in October 2013. We find it ironic that the ministry of health has not made any move to preserve either the building or the fixtures over this period of time and the structure has started to decay due to neglect. While there is great need for oral saline in Jhenaidah and adjoining districts, the concerned ministry appears least bothered about it.

There are several questions that need to be answered. Firstly, why was the factory constructed in the first place? And secondly, why has it not been made operational even after five years of its completion? Is this the manner in which we tackle public health issues? The district where the factory is located needs around 100,000 packets of oral saline per month. So, there is no question of lack of demand for the product this factory was designed to produce.

What we are witnessing is the overwhelming enthusiasm of the ministry for building construction with little by way of planning the personnel who would be needed to manage and run a facility. The ministry of health should take immediate steps to make the factory operational so that the needs of the district are better served and the funds expended actually do some good for public health.



ABDULLAH SHIBLI

THE year 2017 can be chalked down as a prosperous one for the world economy. Wherever we live, as we celebrate the end of a good year, we also

welcome the incoming year, which, by all indications, we hope, will be a better one. The most common measures of economic health *viz.* output, inflation, employment, and cost of borrowing, all portend that 2018 might be one of the best in this decade, and perhaps, even since the dawn of this century.

The change in mood among the forecasters is evident if we compare the state of uncertainty at the beginning of this year with the prevailing optimism. The election of President Donald Trump, with his promises of reform and radical change in the global commitments of the US, including the Paris Climate Accord, NAFTA, and TPP, was initially viewed with disquiet. This, along with the expected turmoil as EU and UK began their much anticipated negotiations over the Brexit pullout, led to a period of "wait and see" in financial and policy circles. Even the International Monetary Fund (IMF) found itself scratching its head as evident from its July 2017 pronouncement which lowered its forecast for US growth to 2.1 percent for 2017 and 2018 from earlier projections of 2.3 percent and 2.5 percent.

But as soon as it was clear that Wall Street was happy with the moves made by the new administration, there was a surge in business investment, fuelled by executive orders from the Trump administration, robust consumer spending, low interest rates, and exports boosted by a weaker dollar. The US economy grew at three percent last quarter (July–September) and business spending on new equipment went up by an annual rate of 8.65.

IMF soon turned around and recently raised its estimate for global economic growth in 2017 and next year, citing stronger expansion in the first half of the year in the Eurozone, Japan, Asia, and Russia. Its revised estimates are pointing to the uptick in economic activity that started in the second half of 2016 and "gained further momentum" in the first six months of this year. "The global upswing in economic activity is strengthening," and IMF revised upward its growth forecast to 3.6 percent in 2017

and 3.7 percent in 2018, which are both 0.1 percent higher than projections in July.

In the US, the Conference Board, a business research organisation of 2,000 companies, said that its consumer confidence index hit 125.9 in October, up from a revised 120.6 in September, and the highest reading since December 2000. The index measures consumers' assessment of current conditions and their outlook for the next six months. Both rose in October.

However, this optimism is not confined to the US economy only. On November 2, the Bank of England, Britain's central bank, hiked its lending rate from a record low of 0.25 percent to 0.5 percent. The bank had previously lowered the rate in 2016 after the Brexit vote out of fear that the economy would move into a recessionary period given the uncertainty before divorce talks began in March 2017. But, during the last three quarters, consumer spending,

increased further, continuing the upward trend observable since late last year. ESI is a composite index made up of five separate confidence indicators: industrial, construction, services, consumer, and retail trade. The indicator increased by 0.9 points in the euro area (to 114), and by 1.1 points in the EU (to 114.2), reaching the highest levels since January 2001 (euro area) and June 2007 (EU).

These trends are reflected in the emerging markets in Asia, China, and Japan. Many are predicting that with the US economy on its growth spurt, the global multiplier effect is destined to nudge the world economy, including Asia's, toward its fastest expansion since 2014. It is also expected that in the next five years developing countries will outperform developed countries in GDP growth. China's economy appears to be rebounding after a few years of deceleration, and this is helping growth in Asian countries. According to an IMF

second half of this year while attending the IMF/World Bank annual meeting on October 15 in Washington, DC.

Let me turn now briefly to some of the risks that might derail the rosy projections for the coming year. I would also like to point out the downside of President Trump's activist policy measures. US growth is partially fuelled by deregulation, weakening of environmental rules, and borrowing. On October 31, a headline in the *Wall Street Journal* read: "Trump's Deregulatory Juggernaut is Rolling". The last financial crisis brought about many of the regulations in place and it needs to be seen if there is another crisis lurking around the corner. To quote Adam Posen, president of the prestigious Washington-based Peterson Institute for International Economics, "The US is headed for a recession in the next two years as excessive fiscal stimulus from the President Donald Trump administration takes the economy into unsustainable territory." As a candidate, Trump had promised to speed up the US economy to four percent annual growth, and the weaker dollar signals that investors don't believe he's going to deliver on that promise any time soon.

EPA has taken initiatives to delay or cancel the Obama-era Clean Air Act and Clean Water Act rules. The weakening of EPA will also have an impact on the health of Americans and their environment. Finally, while American consumers are optimistic, they are saving less, and the savings rate dropped to 3.1 percent in September, a ten-year low. Between 2000 and 2016 the savings rate has oscillated within a narrow band between three to six percent per annum and was never very high. It varied from four percent in 2000 to 11 percent in 2013 but has been declining since. Since US growth is financed by China, this mechanism poses a risk if the latter decides to use its leverage in future due to any friction following US probe of China's trade practices.

Finally, there are three elements that have the potential to derail global economic recovery: reduced investment in Latin American economies with Brazil and Venezuela in political turmoil; the high debt-to-GDP ratio and lack of transparency in China; and heightened political tensions, particularly in the Korean Peninsula.

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one component of GDP, has kept the British economy humming even in the face of slower investment. That along with rising cost of imports has led to mounting inflationary pressures and triggered the first increase in the cost of borrowing since 2007—a move that the Bank of England says was needed to help control pressures on the price level.

The Eurozone countries are also on track, despite some recent hiccups, to end the year with its strongest GDP growth since 2007. President of the European Central Bank (ECB) Mario Draghi announced late last month that an "increasingly robust and broad-based" recovery was the factor behind the decision to scale back quantitative easing and cut the monthly rate of bond purchases to 30 billion euros (USD 35 billion) from the current 60 billion euros at the beginning of 2018.

On October 30, European Commission said that in October, the Economic Sentiment Indicator (ESI)

report, "Growth prospects for emerging and developing economies are marked up by 0.1 percentage point for both 2017 and 2018 relative to April, primarily owing to a stronger growth projection for China."

While there is still some skepticism regarding the level of transparency and reliability of China's statistics, China's officials have stepped up efforts to remove any doubts about its policy and performance. Prior to the 19th National Congress of China's ruling Communist Party that just ended in October, Ning Jizhe, deputy head of the National Development and Reform Commission (NDRC) and head of the National Bureau of Statistics (NBS), "expressed confidence in the ability of China to top the 7 percent GDP growth rate." This sentiment was reinforced by Zhou Xiaochuan, governor of the People's Bank of China, its central bank, who forecasted that China's GDP growth is expected to reach seven percent in the

PROJECT ■ SYNDICATE

A Federal Spain in a Federal Europe



GUY VERHOFSTADT

I have always been a profound admirer of Spanish democracy, but especially since February 23, 1981. On that dramatic day, Colonel Antonio Tejero attempted a *coup d'état* against the young democratic regime. In his acclaimed book *Anatomía de un instante* (The Anatomy of a Moment), Javier

Cercas describes how, under the threat of Tejero's pistol, three Spanish political leaders sat upright in their seats, refusing to hide under their benches. Not one of them—Communist Party leader Santiago Carrillo, Adolfo Suárez, the first prime minister of post-Franco, democratic Spain, and Suárez's deputy, General Gutiérrez Mellado—blinked. It was an act of courage and determination that anchored democracy forever in the soul of Spain. Under the pistol of Tejero, Spanish democracy was born.

Today, 36 years later, Spanish democracy must steel itself once more if it is to overcome the deep division created by the Catalan regional government's unconstitutional bid to secede from the Spanish Republic. Today's democrats will need to show the same disciplined determination as Carrillo, Suárez, and Mellado to resolve Spain's gravest political crisis since Tejero's attempted coup.

Spain's democrats must not believe that law and the judiciary can address all of the problems with Catalonia on their own. Certainly, the Spanish authorities will not overcome the crisis with police violence, even though the national government's efforts to halt the Catalan independence referendum were based on a court ruling.

What is needed now is a renewed political vision, an inclusive dialogue. Realistically, that vision can only be of a multicultural, multilingual, federal state embedded in a multicultural, multilingual, and federal Europe.

Catalan separatists were wrong to call an illegal referendum. No one can govern democratically without the rule of law. But it is also true that the existing legal framework is incapable of healing such deep political division. Sustained dialogue—the real strength of effective politicians and statesmen—between Spain's leaders and Catalonia's separatists is the only way to find solutions.

I do not believe it is in the interests of Catalonia's people to pursue separatism at all costs. The fact that the referendum clearly violated the Spanish Constitution is not the main reason that I could not support it. The point for me is that the referendum lacked any democratic legitimacy whatsoever. It was clear well in advance that a majority of Catalans, recognising the illegal nature of the exercise, would not



Anti-independence protesters in Barcelona hold aloft a giant Spanish flag to support national unity.

PHOTO: AFP/LLUIS GENE

participate. Indeed, from all the evidence that has emerged, it seems likely that a majority of Catalans, including those who stayed home, are against separation.

By refusing to establish a minimum turnout threshold for a secession vote to be declared valid, the pro-independence leaders of Catalonia's regional government revealed how they would portray the result before anyone cast a ballot. Their deceptive tactic reflected a disturbing willingness to manipulate their citizens. To declare independence on the basis of a defective referendum was a politically irresponsible act of contempt for democratic norms.

Such irresponsibility is a threat not only for Spain, and not just for Europe, but also for Catalonia itself. As with so many referendums, this fake independence vote has opened a deep fracture in Catalan society. Families and neighbours now stand divided—bitterly so in many cases. The only people who will benefit from this legal charade, as we know, are those who want to destroy the EU and who have already started to exploit the cause of Catalanian independence for their own ends.

It is therefore vital that all the people of Spain act to stop any further escalation and instead begin negotiating. The future of Catalonia, and the future of

my own Flemish community in Belgium, where some are also agitating for independence, lies not in brutal separation, but in cooperation within federal structures, in a federal Europe.

The experience of the Basque country is illustrative in this regard. Under Spain's democracy, the Basques have developed their region for the benefit of its inhabitants, not only defeating terrorism, but also reinventing themselves as proud and autonomous.

In politics, there is no shame in compromise. Quite the contrary: When a choice must be made between a constructive bargain and ideological purity, it is always better to choose the path of unity, however small the steps may be.

In her famous book *The March of Folly*, the American historian Barbara Tuchman warned against the urge to "throw away the greater for the less" and to "pursue the unworkable at the sacrifice of the possible." Leaders on both sides of Spain's secession crisis would be wise to heed her words.

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LETTERS TO THE EDITOR

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Relax quota system in BCS

The results of the 37th BCS written exam are out. In total, 5,379 candidates passed the written exam. Of them, 2,943 candidates are in the general cadres, while 735 candidates belong to the technical cadres. The remaining 1,701 candidates may be chosen for both general and technical cadres.

However, many of them may not be recommended in spite of numerous vacancies just because of the quota system. In the last two years, PSC relaxed the quota system. Yet nearly 427 posts remained vacant in the technical cadre category due to scarcity of candidates. However, if the PSC had not relaxed the quota system, the number of vacant posts would have been 800-900.

We hope that PSC will further relax the quota system for the 37th BCS exam so that more candidates can fulfil the vacancies.

Dr Najmul Shobagh, Chittagong

Build foot-over bridge in Sadar Road, Barisal

Sadar Road area is one of the busiest points in Barisal city. During the peak hours—4pm to 9pm—the area is severely congested. The street is very narrow and there is no foot-over bridge at the section. Furthermore, the area hosts many diagnostic centres and clinics, where many people from the rural areas come for treatment.

There have been some serious accidents while pedestrians tried crossing the road. I request the authorities concerned to build a foot-over bridge in Sadar Road area as soon as possible.

Sajal Chandra Das, Barisal University