

Farmers need more financial support

The budget must allocate adequate funds

WE are in concurrence with leading agricultural economists who have suggested at a seminar that a special fund be formed for farmers so that they receive price support during the harvesting period. The crisis of farmers remaining in debt and poverty, because they cannot get fair prices for the crops they so painstakingly grow, is far from over. Yet the recent budget speech has not mentioned such a huge problem in one of our most crucial sectors. In fact although it is common knowledge that farmers cannot even cover their production costs and must incur heavy losses every year, there has been no special allocation in the budget so that they get fair prices.

The assurances made by the agricultural minister and planning minister, however, give us some hope that things may be different in the next harvesting season. The agricultural minister has said that the government will provide price support to purchase farming equipment to reduce production costs. He has also promised to take steps to stop middlemen from depriving the farmers of fair prices. It goes without saying that any government spending in this sector is defeated if the middlemen are not eliminated.

There is no doubt that the agricultural sector must be made profitable for the farmers and we hope the steps to commercialise the sector, as the planning minister has assured, will be effective.

All this is possible if the incentives provided by the government are utilised in a transparent manner so that genuine recipients are benefitted. The problem of fund allocation must also be solved. Last year only Tk 5,201 crore was spent from the Tk 9,000 crore budget. What is the point of having funds for a sector if a large portion of it remains underutilised? We must get out of this unproductive cycle.

Providing support to farmers is not a charitable move; it is the only way we can ensure that the agricultural sector survives. If farmers continue to be burdened with losses, they will switch to more profitable, non-food crops (such as tobacco) or give up their profession altogether. We cannot be in such a precarious condition where our food security will be at risk. Farmers feed the nation through their backbreaking labour. We owe it to them to provide support during times of crisis.

Make playgrounds available for kids

Proper planning needed to address space scarcity

PLAYGROUNDS and open spaces serve, quite literally, as a city's lungs that give its residents a breathing space and its younger population an opportunity to grow in a healthy way. City-planners and architects at an event recently underscored this message before decrying the dearth of playgrounds in Dhaka, where the average square footage of open space (playgrounds, parks, walking spaces, etc.) per person is awfully short of the WHO standards. While there should be at least nine square feet of open space for every citizen on an average, one estimate puts the figure in Dhaka at only one square foot per person. This speaks of the insanely chaotic housing development that has scarred the city through the decades—with children, deprived of play areas in schools and neighbourhoods, emerging as one of its biggest casualties.

We have often highlighted in this column the importance of playgrounds for a healthy childhood. Playgrounds are where children make lasting memories. Without the opportunity to play and bond, children not only risk growing up unfit, they also find themselves stranded indoors and consequently exposed to various mental health issues. The tragedy of Dhaka is that only 42 of its 235 or so playgrounds and open spaces are open to the public, while the remaining spaces remain occupied by unscrupulous people and business entities. These spaces/playgrounds need to be freed and made available for the public, especially the children, and new ones should be created simultaneously. The government should understand that Dhaka's problem is not so much its lack of space as its unplanned use, which can be addressed by leaving city-planning to the real experts instead of bureaucrats riven by partisan interests. As a city-planner said at the event, it is still possible to create playgrounds within walking distance for everybody within 10 years. All we need is proper planning.

Budget proposal not aligned with AL's election manifesto

How does the ruling party plan to reconcile the two?

THE OVERTON WINDOW



ERESH OMAR JAMAL

THE Tk 5,23,190 crore budget proposed by the government, which is the biggest in our country's history, was somewhat of a letdown. Governments sometimes struggle to fully

make use of their budgetary plans in electoral democracies because the party in power may change in only a few years, or because the fear of being voted out of power may affect the government's behaviour in many different ways—including during budget formulation. However, when a party remains in power for a long time, as the Awami League (AL) has, such excuses become null and void.

Since the AL government has had the chance to frame several successive budgets—and going by the party's own rhetoric over the past years, especially prior to the last elections, the party had expected to remain in power—it had plenty of opportunity to design a



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long-term vision of how to best steer the country forward using budgetary policies. That it hasn't done, by the looks of it.

The new budget, like the old ones, is short-sighted. It doesn't take into account the faults of previous budgets pointed out by experts, concerns expressed by the majority and the solutions to all of that, which are easy to identify should one

look through the lens of just common sense. Additionally, the budget is incoherent even going by the party's own election manifesto.

The AL, in its election manifesto, had promised to eradicate poverty in the country. Yet, allocations to health and education, which play a big part in supporting middle- and low-income groups, have remained the same. As has minimum taxable income at Tk 2.5 lakh per year, despite inflation and the possibility of further inflation in the near future because of the implementation of the new VAT law, as some have argued. While this argument may be up for debate, it is a fact that indirect taxes such as VAT always affect middle- and lower-income groups the hardest. This is because expenses take up a much greater share of the income (or wealth) of lower-income groups than they do for richer groups, which means people from lower-income groups will be paying a much higher percentage as a share of their income (or wealth) as VAT, compared to rich people. This is why to make taxation more progressive, the government should collect the bulk of its tax revenue through direct taxes. But unfortunately, over 68 percent of total tax in FY2017-18 came

from indirect taxes.

In the meantime, while the government has been justifying not raising the minimum taxable income claiming it wants to bring more people under the tax net, it has failed to get the ultra-rich to pay theirs. But that has not dissuaded it from further proposing an increase in the surcharge-limit of net assets of Tk 2.5 crore by Tk 50 lakh, doubly favouring the rich.

Increasing the minimum taxable rate could have helped with another pledge the AL made in its election manifesto—that of creating 1.28 crore jobs for young people—by increasing people's disposable income to drive up domestic demand. The lack of jobs being created in the country should be among our highest concerns. To the government's credit, it has proposed some steps in the budget to address this.

First, it has proposed increasing the tax-free turnover limit from Tk 36 lakh to Tk 50 lakh, which should benefit small and medium-sized enterprises. Second, it has set aside Tk 100 crore for startups which could prove to be a great initiative, provided it is disbursed transparently to recipients based on merit rather than partisanship. Still, these initiatives will not be enough. Unless private investment,

which has been stuck at around 21-23 percent, increases, it is difficult to imagine how job creation can be boosted significantly. The massive government borrowing to make up for the budget deficit will only get in the way of this by crowding out the credit market, which is already struggling with banks suffering from a liquidity crisis because of rising non-performing loans.

The proposal to include money-whitening opportunity in the budget was apparently brought in to offset the poor private investment growth. However, this will again create the grounds for economic moral hazard to kick in. And let us not forget, it is a similar kind of government leniency against financial fraud and corruption that has brought banks to the verge of instability. And so, there is no reason to expect this new stance of extreme tolerance against holders of black money to benefit the country in any shape or form in the long run.

The decision to allow the whitening of black money completely goes against another promise the AL made in its election manifesto: zero-tolerance for corruption. In fact, according to many reports as well as businessmen in the country, one of the greatest drawbacks they face in doing business (and when it comes to investing) is corruption. In spite of widespread calls to address this, especially through banking reforms, the government has not included any concrete measures in the budget to achieve this.

Promises of such reforms have been made many times in the past. But they have not been followed through. It is difficult to take such promises at face value (i) in the absence of an authentic plan that jots down in detail how those reforms will be brought about and (ii) until and unless we see some movement towards the implementation of genuine reforms.

Ultimately, it is important to remember that the government doesn't give anything that it doesn't take first. All the benefits that are provided through the budget come at a cost—borne by taxpayers. This budget not only fails to properly recognise that but also fails to remain true to the pledges made by the ruling party in its election manifesto—thus breaking the promises it made to its own voters.

Eresh Omar Jamal is a member of the editorial team at The Daily Star. His Twitter handle is @EreshOmarJamal.

PROJECT ■ SYNDICATE

Is immigrant-bashing a vote winner for the left?



PHILIPPE LEGRAIN

IS a hardline position on immigration the key to electoral success for Europe's beleaguered centre left? Denmark's Social Democrats certainly think so. They took first place in a general election this month

after arguing that immigrants threaten the country's social cohesion and generous welfare state. The far-right Danish People's Party, whose line that message echoed, suffered significant losses.

Centre-left parties undoubtedly need to bolster their appeal. In last month's European Parliament election, their share of the vote plunged to new lows in Germany, France, Italy, and Britain; they finished first in just five of the European Union's 28 member states. And while centre-right parties have also languished in Europe's increasingly polarised and fragmented political environment, they have not flagged as much as centre-left parties.

But notwithstanding the Danish Social Democrats' victory, opposing immigration is not the answer. Though some voters have deserted centre-left parties for populists who blame immigrants for everything, no self-respecting progressives should be aping the far right. Principles aside, such a strategy will generally backfire.

There has always been a tension at the centre of Europe's social-democratic coalition. While its working-class supporters tend to favour egalitarian policies out of self-interest, its middle-class constituents do so out of a principled belief in economic fairness (or at least as a means of signalling that virtue). Immigration cuts across that divide. Newcomers are often poor, needy, and non-white. Whereas the principled egalitarians of all classes want to help them, many working-class voters view them as a threat; their own needs, they feel, should come first.

In good times, bountiful welfare spending papers over this problem. But in an era of sluggish growth, when the demands of an ageing population are straining overstretched taxpayers, distributional struggles have become more salient. Making matters worse, rising economic insecurity has led many working-class voters to emphasise their ethnic identity more.

These developments are forcing social democrats to front a question they would rather fudge. Is their primary purpose to represent the working class, or



Leader of Denmark's Social Democratic Party Mette Frederiksen. A tougher stance on immigration has handed the Social Democrats a victory in the general election this month.

PHOTO: REUTERS

to advance social justice more broadly? Should they be liberal on immigration for egalitarian reasons, or illiberal in deference to many working-class voters' preferences?

Lefthand social conservatives favour the latter option, arguing that liberal progressives' championing of cultural diversity undermines the social solidarity—and thus the welfare state—that all social democrats cherish. The argument is seductive. But it is also flawed.

For starters, there is little evidence that cultural diversity actually does undermine solidarity overall, let alone the welfare state. Super-diverse cities such as London and Berlin are reliably progressive, while homogenous rural areas are typically more conservative. Though Robert D Putnam of Harvard University shows that many white Americans object to redistributive policies that benefit blacks, this finding has not been replicated in Europe. And even in places where solidarity does fray, Europeans still want the welfare state to insure them against risks such as illness.

Far from threatening an ageing Europe's generous welfare states, hardworking young newcomers are needed to sustain them. Instead of lashing out at immigrants, progressive politicians need to address the corrosive perception that some people are abusing the system.

In fact, social democrats' declining popularity has little to do with immigration. Their working-class base has shrunk because manufacturing jobs

have disappeared and trade unions have declined. Worse, many working-class voters have been hit hard by centre-left governments' own labour-market and welfare reforms. And after bailing out the banks, social democrats offered no real alternative to post-crisis austerity policies. It is little wonder that they now find themselves on the receiving end of today's anti-establishment rage.

Meanwhile, class distinctions have blurred, and middle-class progressives have become more animated by issues such as climate change. With European politics increasingly polarised between open-minded internationalists and closed-minded nationalists, traditional social democracy seems increasingly irrelevant.

As recent elections show, the traditional social-democratic base is now scattered. Some voters have moved to the far right or radical left. Others no longer vote. Still others (notably, professionals and social liberals) have gone for the Greens or parties such as French President Emmanuel Macron's *La République En Marche!*

Thus, even if a lurch to the far right did win back some social democratic voters, it would also accelerate the loss of votes elsewhere. In Denmark, the Social Democrats' share of the vote was actually slightly lower than it was four years ago; the real gains went to various liberal, social liberal, and socialist parties. And by legitimising populism, an anti-immigrant stance encourages people to vote for the real thing next time.

The days when parties representing

"capital" and "labour" dominated European politics are over. Even in Spain, Sweden, and other countries where the centre left still leads, its support is lower than a decade ago. But centre-left parties could prosper once again if they avoid pursuing the agenda of the far right.

One option is simply to wait for the electoral cycle to turn. This seems to have worked for the Dutch Labour Party (PvdA), which has bounced back now that it is in opposition. Germany's Social Democrats (SPD) may eventually opt to do the same, by quitting the country's longstanding grand coalition. Another option is to chart out a viable left-wing alternative, as Portugal's socialists have done, or to seek common cause with social liberals and Greens, as Macron has done in France.

At any rate, progressives need to offer a bold vision for ensuring both economic dynamism and social justice in an era of technological disruption and climate change. They need to provide both opportunities and security to those who feel threatened by economic change. And above all, they must reject divisive nativism and misplaced nostalgia, and instead seek to unite voters around a progressive and inclusive vision for the future.

Philippe Legrain, a former economic adviser to the president of the European Commission, is a visiting senior fellow at the London School of Economics' European Institute and the author of *European Spring: Why Our Economies and Politics are in a Mess – and How to Put Them Right*.

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LETTERS TO THE EDITOR

letters@thedailystar.net

Where do the Rohingyas go from here?

It is a major concern that the process of Rohingyas' repatriation has made no progress. Our government along with the UN has failed to put enough pressure on Myanmar to take back these refugees.

Bilateral talks didn't give any hope. But our government did try to garner international attention. The international community too tried to exert pressure on Myanmar. But clearly, such pressure has not had any impact on Myanmar's authorities who are showing reluctance to solve this crisis.

Bangladesh continues to pay the highest price as it has been hosting nearly a million Rohingya refugees with its limited resources. Now, the country should take an aggressive diplomatic approach to tackle this problem. And for this to materialise, support from the international community is needed. The Rohingya crisis has become a zero-sum game and if we are unable to send back the large number of refugees to their homeland, we would be the ultimate loser.

Sami Un Naby, Bangladesh Agricultural University