

Govt should punish the money launderers, not reward them

Allowing them to whiten their money is not only immoral, but also illogical

WE are quite shocked at the proposal put forward by our finance minister in the proposed national budget to allow people to bring back money from abroad by paying only a nominal tax. In a post-budget discussion, he again defended the proposal and asked the concerned citizens not to oppose the move. According to the proposal, the money laundered out of Bangladesh can be legalised in exchange for only 7-15 percent tax. While the finance minister says that it will boost revenue and mobilise foreign currencies, we disagree with him and think that the move is immoral and would only encourage more money laundering in the future.

While the Centre for Policy Dialogue (CPD) has termed the proposal unacceptable and illogical from the economic, political and ethical perspective, the Transparency International Bangladesh (TIB) has said that this will give the money launderers unethical protection from the law and reward them instead of punishing them. We agree with their views and think that such a move will frustrate the regular taxpayers and businesspeople in the country. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) also fears that this might encourage capital flight from the country.

The finance minister also gave examples of other countries such as Indonesia – which has reportedly brought back a large amount of money through such steps – to gather support in favour of his proposal. But we do not think Bangladesh's situation is comparable with any other country, because we have rarely seen the money launderers taking the opportunities given by the successive governments to whiten their money. According to the CPD, very little money has been legalised through such steps in the previous years. Why, then, is the government giving such scopes to them again and again?

While the budget has failed to address the plight of ordinary people as no substantive measures have been proposed to check inflation and rising inequality in society, giving money launderers the opportunity to whiten their ill-gotten money only goes to show the discriminatory policies of the government.

Instead of providing the money launderers further scopes for money-whitening, the government should take tough actions against them. As per our existing law, the punishment for money laundering is confiscation of the money laundered, fining them double the amount laundered and imprisonment for up to 12 years. What is stopping the government from enforcing the law and preventing money laundering from the country once and for all? Are we to believe that the government lacks the capacity, or the political will? It must take stock of its poorly thought-out policies that are enabling launderers, year after year.

Tk 46.25 crore down the river!

Poor planning, neglect and corruption in govt projects must end

THERE is no denying the fact that the rivers of Bangladesh, which are drying up, need to be re-excavated on an urgent basis to get back the desired level of navigability for water vessels, as well as for using them as reservoirs for irrigation purposes during lean seasons. Though excavation work with dredgers is going on in many rivers, unfortunately, the standard of work often gives rise to more unsavoury questions at the end of the day. Reports abound in the media of negligence and exploitation surrounding such undertakings, manipulated by some corrupt elements lurking within the system.

A report in this daily shows that, though a drying river named Bhadra, in Khulna's Dumuria upazila, was re-excavated by the Water Development Board (WDB) with a whopping Tk 46.25 crore only two years back, it is getting filled up once again, to the dismay of local residents. Investigations revealed that the excavated silt kept on the two banks is falling back into the river and refilling it. As a result, the hope of economic activities centring the river being regenerated is becoming bleaker every day. Villagers and farmers complain of closure of the area's drainage system as the river is getting filled up with silt, thus triggering waterlogging.

Reportedly, 21km of Bhadra River were excavated in June 2019. And it is good to know that, for the purpose of retrieving the river, about 563 small and large installations (including three brick fields belonging to the encroachers) were demolished before starting the excavation work. The encroachers had reduced the river's width to merely 80 feet from its original 500 feet by constructing houses and factory buildings illegally. The project allegedly could not be completed as per the original plan because of interference from higher-ups.

What does the WDB have to say about this? The additional chief engineer of WDB's south-western zone said Bhadra was supposed to have two sluice gates at both ends, a plan that was later scrapped. As a consequence, the river has silted up within two years of excavation. There is no way to know why the sluice gate plan has been scrapped. At a time when the government is reducing its spending on social safety net programmes, allegedly due to a shortage of funds, such a waste of tax-payers' money is simply unacceptable. There is apparently a new project worth Tk 1,819 crore to excavate small rivers and canals in the vicinity, but we can't help but wonder whether there is even any point of this initiative – except to squander away more public money. We urge the authorities to follow through on projects that could ease public suffering, instead of intensifying it.

'There's a disconnect between the proposed budget and reality'

Dr Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre (PPRC), discusses the proposed national budget for the 2022-23 fiscal year with Eresh Omar Jamal of The Daily Star.

What, if anything, stands out to you in the proposed budget, both in terms of budgetary allocation and the overall budget narrative?

What perhaps stands out is the disconnect between the budget narrative and actual allocations. But that disconnect was there before, so it's just a continuation. In a way, I see this budget as a gradual consolidation of a certain economic policy approach of this government, which has been there for almost a decade. However, tax incentivisation of exports for products other than ready-made garments (RMG) is a bold new step, but to ensure results from this step will require, as before, many areas of process efficiency. On the flip side, three mega priorities appear to be out of focus: inflation distress, multidimensional poverty index, and the demographic dividend.

Can you give us an example of that disconnect, and elaborate on what this policy approach is?

We all know about the current inflationary impacts, right? A PPRC-BIGD survey has also talked about it. But if we look at the overall allocation for food-based social security programmes, there is actually a six percent decline between the revised budget for FY2021-22 and the proposed budget for FY2022-23. But in terms of budget narrative, there is a lot of discussion about providing support for the poor, etc. So this is one very clear example that addressing the distress caused by inflation does not appear to be a government priority.

The safety net allocation has declined to 2.55 percent of GDP in the proposed budget, down from 2.80 percent in FY2021-22. If we look at the overall social safety net allocations, to get the real allocation for the poor, you have to subtract two items: one is pension for government employees, the other is agricultural subsidies, which is for everyone. After these subtractions, the safety net allocation is Tk 76,039 crore instead of Tk 113,576 crore.

A certain policy stance is clear – and it has been clear during the pandemic, too. Inflation and issues related to the economic distress are not the priorities behind the budget planning. The government is going ahead with the idea of backing the larger macro actors. And the poor will just have to adjust to that, relying on the trickle-down theory.

Won't that increase inequality?

Inequality is clearly not the government's primary concern. The approach I see is for a growth of a certain type – and the government seems determined to back it at any cost. Some of the tax reforms proposed this year seem slightly more innovative. But I haven't seen any concrete measures to address inequality over the years, even though the narrative has always been that the government is concerned about it. That is another example of the disconnect I mentioned earlier.

But this will also affect the type and scale of growth. If you look at the budget's summary table, you will see that the projected overall investment rate will slightly go down, but GDP growth is shown to be higher. But there is no explanation for how GDP will increase with lower investment – that, too, in a more complex global scenario. And this may also be a part of what the government believes, that mega infrastructure by themselves will be the catalyst for growth, and other factors are not as important. The "software" of development is not in priority focus.

The government seems to think that the Padma Bridge, metro rail and other



▲ Dr Hossain Zillur Rahman

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megaprojects, once completed, will drive up our growth instantaneously. Personally, I feel there is a big gap in understanding when their benefits will really start to take off, and the important role of other companion initiatives to realise the full benefits of these megaprojects – but these companion initiatives will take some time to fully take shape.

For the Padma Bridge, for example, we need an economic regeneration plan for the southern Bangladesh belt as a companion initiative to reap its full benefit. To plan how agriculture and industry can grow – let's say from Faridpur down the line to Barishal, Khulna and other places – will take time.

You mentioned the revenue generation side of these megaprojects. What about their repayment side? Should the budget have included a more concrete tax reform plan to make repayment of these loans easier down the line?

Yes. In fact, I think in this situation, the budget should have been both an accounting exercise as well as a political manager's exercise. This budget lacks the latter – which required better, tougher reform ideas. For example, even though we need subsidies right now, the subsidy regime could have been made more targeted and efficient through reforms. If you look at how inflation is described in the budget, it seems like it is wholly imported. But there are currently three drivers of inflation in Bangladesh: imported inflation, demand-driven inflation, and inflation due to market manipulation. The political managers needed to reform the market monitoring aspect of things. But they haven't done any of that.

The finance minister highlighted six major challenges for the upcoming fiscal year. Can this budget adequately address them?

Similar to the last several years, there is a disconnect between the budget narrative and the economic side of it. The budget narrative is full of feel-good rhetoric. But the economics doesn't match with it.

The budget says in Para 74 that controlling demand will be critical in containing inflation. But in Para 66, it says that the principal driver of growth will be demand. So even within the budget narrative, you can see inconsistencies. The budget talks about inflation. But if you read between the lines, you can see that it doesn't give that much importance to addressing the impacts of that inflation.

The government has talked a lot about reskilling. Essentially, Bangladesh is in a dwindling window of demographic

dividend for roughly 10 years. But the type of policy and allocation that are needed to take advantage of this demographic dividend, if you look at the allocations for primary, secondary and technical education, is missing. And it's the same for the health sector.

We are in serious danger of getting off track in certain key SDGs. One of them is nutrition. The government could have scored some quick wins here. Primary education stipend, which has been absolutely stagnant, could have been doubled or tripled, giving an immediate boost – even to these nutritional needs.

Does decreasing the allocation to education as a percentage of GDP show a reluctance on the government's part to invest in the people?

I can't understand if there is a lack of analytical understanding by the government here. We needed an immediate project on learning loss recovery. That is not visible. When talking about learning loss recovery, the government talks about how it had continued online classes during the pandemic. But what about recovering the learning loss that happened in spite of that?

Even in regards to the development the government is expecting from its megaprojects, who will be involved in that? Don't we need skilled people? Without investing in our human resources, investments in infrastructure will not pay full dividends. Infrastructure on its own cannot trigger a process of change, unless the companion transformative pathways are also created.

Right now, the government can perhaps justifiably say that it cannot afford any more expenditure, so it couldn't provide greater allocation for education, health and social safety net programmes. But could it have transferred some of the allocations from other areas to these sectors, or provided more funds in any other way?

We can't look at it only from an accounting angle. Through institutional reforms, the government could reduce corruption and wastage, which are huge in Bangladesh. That would automatically save up more funds, and perhaps lead to quality investment, which is also a big part of what we need. It isn't just about providing more funds; better utilisation of funds would also make a big difference. The government has not given better management its due importance.

The last two budgets were prepared during the pandemic. This one has been prepared during another global crisis. Does this budget carry that message?

No, this time it's a bit different. There is a rhetorical recognition of the crisis, but the government seems more adamant to follow the type of growth policy it has had in mind, which is not being concerned about inequality, that inequality will be addressed through the trickle-down effect – which has always failed historically. The government's chosen approach is to invest in the bigger market actors, in megaprojects and infrastructure, which will drive the growth process. It has doubled down on its one-dimensional growth focus. But within that framework, the lack of human capital may prove to be a blind spot. And if this approach doesn't work out, macro-stability will get affected.

However, ultimately the economic outcome is only determined to a small extent by the budget. The innovative and resilient spirit of the Bangladeshi people are the bigger drivers of change.

The government's chosen approach is to invest in the bigger market actors, in megaprojects and infrastructure, which will drive the growth process. It has doubled down on its one-dimensional growth focus. But within that framework, the lack of human capital may prove to be a blind spot. And if this approach doesn't work out, macro-stability will get affected.

LETTERS TO THE EDITOR

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Deaths in preventable fires unacceptable

Have we become used to the news of fires that have devoured the lives of so many innocent people in Bangladesh of late? If not, why do we frequently fail to prevent such devastating incidents? The recent catastrophic fire at a container depot in Sitakunda, Chattogram has taken at least 45 lives and endangered the future of many families. Fire accidents are turning into a common phenomenon in the country as the reasons for such disasters are hardly found

out and acted upon. Instead of compensating the victims and their families after the accidents occur, the authorities concerned need to take every possible measure to prevent them. While the real reasons for such fires must be found out and addressed, exemplary punishment must be given to those responsible.

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