

Good words and bad math in the new budget



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THE budget for FY2022-23 is filled with rhetoric. But its credibility is poor because of its contradictions between the priorities and the actual allocations for education, agriculture, health, and the vulnerable population. It doesn't lend credence to the basic understanding of how macro variables such as growth, unemployment, and inflation interact with each other. No wonder the budget is confused between the demand and supply sides. It's unclear what type of inflation the country is facing now and what are the right medicines for that. The math in the budget is also problematic.

Only 64 percent of the Tk 678,064 crore budget is financed by fiscal revenue, suggesting that there has been a gradual erosion of the country's fiscal capacity. Revenue was able to finance 74 percent of the budget some 10 years ago, and 71 percent some five years ago. The downward trend clearly indicates that the government has been gradually losing its proportional fiscal competence, although the capacity was supposed to be rising as the nation moved forward. A separate ministry for revenue mobilisation is crucially needed, and the sooner the prime minister brings about such a reform, the better.

The development stories don't match with the proportionate deterioration in the government's fiscal capacity – which is already one of the lowest in the world. The rosy stories presented in the budget speech ruthlessly contradict the share of education for GDP. It has fallen from a meagre 2.08 percent to 1.83 percent – the lowest in the region. Allocations in social safety net programmes and the healthcare

sector didn't see any remarkable increase either, which were necessary after the pandemic-led crisis and job losses.

Unlike the previous budgets, the new one has come up with six priorities – many of which belong to the ministry of planning and the central bank. The budget mysteriously remains silent about what the government should do to bring about a drastic change in revenue collection – which should have made the list of top priorities. Pakistan's FY2022-23 budget, for example, has put revenue mobilisation as its top priority since its fiscal capacity is dwindling. Pakistan's budget is only 12.5 percent of GDP, while Bangladesh's is 15 percent. The British budget, being 42 percent of its GDP, has also outlined how its tax plan will make a surplus budget in three years. Gradually rising the tax-GDP ratio is a standard fiscal mandate, which is quite lacklustre in our case.

Containing inflation is primarily the central bank's mandate, and the fiscal authority can do very little about it. All it can do is support the poor with direct delivery of food items and other essentials. Duties on necessary imports should be lowered and the tax-free income mark should be raised to at least Tk 5 lakh. Given the nature of the inflation which is mainly cost-pushed from the supply side, the budget authority can't handle it. This resembles the Great Inflation of the 1970s when all governments failed until their respective central banks undertook tough monetary contraction, such as the Volcker disinflation in the US.

The fourth priority vows to boost investment – which is contradictory to the number-one priority of depressing inflation. Boosting investment is the central bank's job – a task done by increasing private credit growth – which, in turn, is inflationary. The fifth priority of job creation requires more investment through monetary easing – which the central bank can do by lowering the reserve ratio and slashing the policy rate or the repo rate further down. But that would mean more inflation again.

The finance minister has praised the



VISUAL: TEENI AND TUNI

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central bank for raising its repo rate from 4.75 to 5 percent – an insignificant move. Further increases are required given the global situation. The US central bank has been raising its policy rate every six weeks. Its rate hikes of 0.25, 0.5, and 0.75 percent in recent months – never seen in a quarter century – send similar messages to others to raise their respective policy rates. Most countries followed suit. The Bangladesh Bank (BB) is always behind the curve, as we have seen many times. Its exchange rate mismanagement is the reason why the dollar crisis erupted. But the BB should raise the repo rate as well as the reserve ratio if it is seriously looking to curb inflation. These actions, however, will contradict the finance minister's priorities of boosting investment and increasing job creation, suggesting that the budget housed good words with bad math and faulty macro underpinnings.

The budget gives a nominal GDP growth of 11.9 percent. If 7.5 percent real GDP growth is extracted from this number, it gives an inflation rate of [(1.119/1.075) – 1 =] 4.1 percent, while the budget gives an inflation estimate of 5.6 percent. Which one is right? First, the assumption of 5.6 percent inflation is largely a mockery for the poor who are already facing inflation above 15 percent.

Finally, the finance ministry's main strategy would be to increase the supply while reducing the growth in demand (page 42). Consumption, investment, and government spending are the three major components of aggregate demand. How can the government achieve 7.5 percent growth by reducing these driving forces of GDP? A new theory beyond Keynes is needed to address the concept that the ministry of finance has recently manufactured in the budget statement.

Unusual power lust in modern West



CHINTITO SINCE 1995

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AFTER quenching their lurid lust for power and property, funded by slavery and wholesale loot for centuries, leaving behind a trail of torture, murder and injustice, Western colonialists began to spread the word of the holy books, only after acquiring political stability, economic security, military supremacy, gold, glamour and glitter: "All humans are equal", the transformed rich nations declared, but with vicious insinuation that "some are more equal than others". And, they meant it, as exemplified by their depiction of the plight of Palestine versus Ukraine.

They landed on our shores at will to look for good fortune, which they found to their joy and our dismay. They would clinch it by force, if resisted. And, today they are inhumanely plane-loading asylum seekers to cash-for-service Rwanda in another continent to keep themselves free of the "dirt".

Since George Floyd's brutal death in 2020, #BlackLivesMatter of 2013 has been emboldened. Every English premier league football match since starts with the knee-bend, and is punctuated Live with the message that there is "No room for racism, anywhere". The hard fact remains that racism is alive and kicking on the shores of modern colonialists.

They are paranoid about being colonised in today's context of globalisation. Exporting refugees as commodities against their will to a developing country has been criticised by the Bishop of Birmingham. Prince Charles slammed the move by his own government as "appalling". But, what else could Boris do to change the topic from the increasingly hot beer-gate affair?

Leaders of some imperial countries became self-appointed guardian angels of world democracy to dictate by force and warfare. They hunted down locally popular, formidable leaders, dubbing them as anti-people, and warmongers with WMD, but only when they had not danced to their partisan policy, that is, handed over their soil and oil, natural gas and artefacts, and the right to a military base. These were a modern form of colonialism in the name of establishing their chosen world order, conceived to maintain them, the age-old rulers at the helm of global economy.

The rest of the world took time to

remove the wool from over their eyes, delayed albeit by disgraceful beneficiary lackeys in respective countries. Repulsion to unfairness and instinctive yearning for freedom gave rise to people's revolution, for a while dubbed as rebellions; #SuryaSen. Countries had to be liberated by the supreme sacrifice of martyrs, steered by nationalist heroes.

Sticking to power was at one time assumed to be the proprietary prerogative of despots in developing countries. The table has turned for the worse in at least two developed countries, the USA, and the UK. No more can they lecture the rest of the world about securing democracy.

It was incomprehensible before 2020 for a US president not to accept the results of an election held under his call. Nationwide, Donald Trump lost by about seven million popular votes, which does not count towards presidency, but can severely dent the ego of a narcissistic politician. In the decisive electoral college ballot, Trump lost 232-306. Yet, in order to remain in the White House, he accused the nation of vote fraud, and continues with his lies despite extensive recounts proving there was nothing illegal. Worse, a good percentage of Americans seem to believe him. His daughter and White House and business confidante Ivanka turned against him last week and accepted Biden's victory, the testimony exposing deep family strain. But, like a warlord (no reference to the 6 January insurrection), unrepentant Trump wants to get back to the WH through the backdoor.

East of the North Atlantic Ocean, the UK prime minister is defiant not to come down from his pedestal, despite being fined by police for breaching his own set of rules that he pronounced on television on a daily basis during high Covid. Half-a-decade ago it would have been unbelievable that a UK prime minister could survive a no-confidence vote in parliament after thousands of street protesters, people in responsible positions, and MPs in the House called him a "liar" over his defence of attending several social parties at a time when he had ordered the country to observe the strictest of lockdown protocols. Many could not attend the funeral of their loved ones.

Boris Johnson was so lowered the British morality bar that henceforth it would require crosschecking before anyone could trust a government minister. That is exactly what the Commons Privileges Committee is investigating, whether Boris misled parliament over "partygate" allegations. This after separate reports by Metropolitan Police and civil servant Sue Gray left cracks and crevices, doubts and disbeliefs. Breaking the law by a legislator is a serious felony in any country, but to

deny that a gathering of noisy people, singing joyous songs and vomiting cake and beer is not a "party" is a sign of mental turpitude.

These two western leaders have given the so-called lesser developed countries reasons to question the state of governance in Trump- and Boris-land. They can indeed ponder on sending

election observers to the USA and ethics supervisors to Britain. Globally, there is a shift in political integrity. The yearning to stick to power for life was once considered the sole legitimacy of tyrants in poorer economies, but the mischief has been adopted by egotistical leaders in, let's call them G-2 until more countries of the type join them.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

বাল্যশিক্ষা পুলিশ
অধিদপ্তরের কার্যালয়
১৪ অর্ধেক পুলিশ ব্যাটালিয়ন
উদ্বিগ্ন, কক্সবাজার

তারিখ: ১৪/০৬/২০২২

উন্মুক্ত দরপত্র বিজ্ঞপ্তি (OTM)

২০২২-২০২৩ অর্থ বছরে ১৪ এপিবিএন, উদ্বিগ্ন, কক্সবাজার সেক্টরে ১ম ও ২য় ফোরাসিয়ার (জুলাই/২০২২ হতে ডিসেম্বর/২০২২ পর্যন্ত) উন্নয়নমূলক কর্মসূচি (সেবি) সরকারের সিদ্ধান্তে নিম্নোক্ত বিধিমালা অনুযায়ী দরপত্র আহ্বান করা হচ্ছে।

০১	মন্ত্রণালয়/বিভাগ	অর্থ মন্ত্রণালয়/পুলিশ বিভাগ।
০২	সদস্য	বাল্যশিক্ষা পুলিশ।
০৩	দরপত্র সম্পর্কিত নথি প্রাপ্ত	অধিদপ্তর (পুলিশ সুপার), ১৪ এপিবিএন, উদ্বিগ্ন, কক্সবাজার।
০৪	কি কারণে দরপত্র আহ্বান	২০২২-২০২৩ অর্থ বছরে ১৪ এপিবিএন, উদ্বিগ্ন, কক্সবাজার সেক্টরে ১ম ও ২য় ফোরাসিয়ার (জুলাই/২০২২ হতে ডিসেম্বর/২০২২ পর্যন্ত) উন্নয়নমূলক কর্মসূচি (সেবি) সরকারের সিদ্ধান্তে নিম্নোক্ত বিধিমালা অনুযায়ী দরপত্র আহ্বান করা হচ্ছে।
০৫	দরপত্রের নম্বর	এপিবিএন/১৪ অর্ধেক পুলিশ ব্যাটালিয়ন।
০৬	তারিখ	তারিখ: ১৪/০৬/২০২২

কাজের বিবরণ:

০৭ দরপত্রের পদ্ধতি: উন্মুক্ত দরপত্র বিজ্ঞপ্তি (OTM)।

০৮ বাজেট ও অর্থায়ন বিভাগ: বাজেট নং:

০৯ দরপত্র বিজ্ঞপ্তি প্রকাশের তারিখ: ১৪/০৬/২০২২ তারিখের মধ্যে।

১০ দরপত্র বিজ্ঞপ্তির শেষ তারিখ ও সময়: ০৬/০৭/২০২২ তারিখ ১৭.০০ ঘটিকা।

১১ দরপত্র জমা প্রাপ্তির সর্বশেষ তারিখ ও সময়: ০৬/০৭/২০২২ তারিখ ১৭.০০ ঘটিকা।

১২ দরপত্র খোলার তারিখ ও সময়: ০৬/০৭/২০২২ তারিখ ১৭.০০ ঘটিকা।

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