

Poor choices in ADP revision

We need policies designed to reduce inflation and alleviate the foreign exchange crisis

Every year, the budget for the Annual Development Programme (ADP) is revised in line with the economic needs of the hour – and this year is no exception. According to a report by this daily, the ADP is expected to be trimmed down by about 6.1 percent to Tk 231,000 crore. However, what has come as a surprise is not the revision itself, but the way it is being done, which signals a dramatic U-turn on the government policy of fiscal austerity.

At the start of the current fiscal year, the finance division had issued details of the austerity measures to be implemented. In fact, only last month, while issuing guidelines and directives to ministries and divisions regarding formulating estimations of revised budgets, it suggested cutting expenditures in the revised budget in accordance with the prime minister's austerity directives. Yet, the fiscal coordination council has now reportedly decided to step back from austerity policies, and instead opt for an expansionary policy supposedly to revive economic activities and generate employment. It has also been decided that the government's own funds in the ADP will not be revised down. Instead, the foreign fund portion will be slashed – just like every year – by about 16.4 percent.

At a time when dwindling foreign exchange reserves have created a great deal of macroeconomic stress, we find it extremely difficult to understand this decision. Were economists and other experts consulted before embarking on this business as usual approach, instead of coming up with policies tailored to reduce inflation and alleviate the foreign exchange crisis? Reportedly, inflation averaged 8.76 percent in the first six months of the current fiscal year, and experts have warned that an expansionary policy now would only make the situation worse. More importantly, they have pointed out that this policy may not necessarily have the intended effects, since all ADP expenditures are not equally employment-generating. This becomes evident when one looks at the current fiscal year's development budget. For example, the power and energy sector is receiving the second highest proportion of funds – a large portion of which is lost to energy subsidies and capacity charges, without any opportunity to generate employment or revive the economy.

It seems obvious that the current ADP revision has been made for the same reason that it is every year – the inability to utilise these funds properly. One may recall that in the previous fiscal year, only 36 percent of the development budget was spent by the government in the first eight months. Clearly, the key issue here is one of governance. In recent years, we have seen how cost overruns and delays have become the norm when it comes to development projects. The inefficiency, corruption and sluggishness that characterised the implementation of such projects can no longer be tolerated.

Thus, while the authorities should immediately adapt any ADP revisions to suit our current economic needs, in the long run, the focus should be on the productive use of limited resources. If how the ADP is used every year remains unchanged, we are unlikely to see any changes in how we deal with economic challenges either.

Are schools suffering from ableist bias?

Authorities must ensure proper education of children with disabilities

Children with disabilities are one of the most vulnerable groups in our country. Unfortunately, often not only are they not given preferential treatment to ease their struggle, but the system is somehow designed to deprive them of opportunities that others take for granted. A recent survey, for example, has found that more than half of such children are not getting any formal education – with 65 percent of them enrolled in primary schools, and only 35 percent enrolled in secondary schools. By contrast, 70.25 percent of eligible children are enrolled in secondary education, while the net enrolment ratio for primary education is 97.42 percent, as per the Bangladesh Bureau of Educational Information and Statistics.

Clearly, a vast number of disabled children are falling through the cracks as they try to move up the education ladder, ending their dream of building a meaningful life. Even when they do get an education, they lag behind their peers by over two years on average, according to the survey. This is despite a 2009 government directive for mainstream schools to enrol children with special needs, which many are still refusing to follow. Add to that the unfriendly infrastructure, the lack of a proper support system, and the constant discouragement and ableist slurs from the wider society. Together, they make life extremely difficult for the disabled and neuro-diverse community in the country.

Clearly, we have a long way to go in terms of ensuring a proper environment for them. As citizens, members of this community have the same rights as any other. The government is also obligated to show improvements in this regard, after having ratified a number of international agreements and treaties aimed at eliminating all forms of discrimination. But such commitments haven't translated into better interventions or results given the country's centralised government mechanisms, limited financial resources, and perhaps most importantly, a lack of understanding of the potential of this community.

With proper care and supportive infrastructure, people with disabilities can be valuable members of society, contributing to the development of the country and fulfilling their potential. For that, we need a critical rethink of the existing system. Mainstream educational institutions – schools, colleges, and universities – must be willing to enrol, support and enable students with needs. The recruitment sector must also see the value in engaging them once they have graduated. Unfortunately, only one-third of disabled individuals of the working age are currently employed. The employment rate for disabled women is even worse.

This must end. The ableist worldview of the state must change. It is the responsibility of the government to take a leading role in this regard by ensuring their inclusion through making services/opportunities easily available to them. The authorities must protect the rights of this vital section of society and help them grow and thrive.

How the energy sector shut its doors to the public



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Earlier this month, the five percent electricity price hike and 78.2 percent gas price hike by the Energy and Mineral Resource Division raised concerns about the accountability of the government, and consumer rights. The December 2022 amendment of the Bangladesh Energy Regulatory Commission (Berc) Act 2003 empowered the government to set power and energy tariffs on its own under “special circumstances,” without a public hearing by the Berc. Before the amendment, any price hike proposals used to be considered by the Berc after a public hearing, during which residential consumers, businesspeople, bureaucrats, civil society members and rights-based organisations could express their opinions. Hence, there was at least a mechanism to invite public opinion. Now, the door has been closed to any discussion.

The amendment bill was placed in parliament on January 22 to be vetted, and will be placed in the next few days. The government is justifying the amendment by citing the present situation as an emergency period or special circumstance.

I would call this a textbook example of “regulatory capture.” George Stigler first introduced this term in the 1970s. Stigler argued that governments do not create a monopoly in industries unintentionally. Rather, they deliberately protect the interests of producers who capture the regulatory agency, and use regulations to inhibit competition. The result of such monopolies – in the name of liberalisation and competition – is often a transfer of public resources to private producers through price hikes, and at the expense of exorbitantly high social costs.

When electricity liberalisation began in the 1990s, electricity regulatory bodies were created in many countries to protect public interest. Regulatory bodies were seen as safeguards against uncontrolled market price hikes as private electricity producers intended to maximise profit. Following the global neoliberal trend, Bangladesh also established the Berc in 2003.

In the past, Berc, bestowed with the regulatory power to act in the public's interest, set the tariff in ways that may have benefitted private power producers in different ways. But there was at least a mechanism of accountability, no matter how ineffective the role it played in protecting public interest. The recent decision of taking the power away from



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Berc and empowering the Energy and Mineral Resource Division to set prices reveals that the government does not feel the need to hear the public's voice anymore. Even if they claim they care about public opinion, this is a sham statement.

Before the gas price hike in the industrial and commercial sectors, the media was flooded with the information that businesspeople were ready for a price hike because of the desperate need for gas to continue production. It may seem that the government has actually heard their voices and decided to increase gas prices so that LNG can be imported with the additional revenue. In reality, we are still in limbo about understanding how the government will pay the dollar amounts for imported LNG. Dwindling forex reserves have already brought up so many examples of our inability to pay for imported energy that it is difficult to understand how it will be used to meet essential import demands.

Because of dwindling forex reserves, not only has the import of LNG become uncertain, but so has the import of coal for Rampal and Matarbari power plants. Unless potential avenues are opened up to ensure an inflow of foreign currency, how will the government pay? The absence of new dollar-earning sources worries us. If there had been a public hearing regarding the recent gas and electricity price hikes, this question could have been discussed in public. Concerned citizens could have asked about the government's plans.

how can we ignore the potential effects of the gas price hike on the power sector, which will ultimately impact the whole population?

Gas price hikes in the power sector will eventually put further upward pressure on electricity prices. Sooner or later, residential users will be affected. Besides, existing inflation will soar as a result of increased costs of production in industries. Eventually, all will be affected. But where and to whom do we pose this question?

Berc is no longer functional, although its functionality in the past was already questionable. Despite having the capacity, why was Bapex not given the responsibility to drill wells, and why was the Russian company Gazprom appointed to construct wells instead, at a cost three times higher than what Bapex had offered? Why were “gas funds” – created with revenue generated from previous price hikes and intended to be used for the development of local gas – loaned out to import LNG? Why did the government not utilise the gas funds to extract onshore and offshore gas?

For these answers, we used to wait for public hearings where activists, politicians, experts, and the Consumer Association of Bangladesh (CAB) could question the concerned authorities.

Now, with the excuse of a crisis, the government has decided to take decisions that are more non-transparent, more controversial, and less justifiable than ever before. Slamming the door on our queries is what the government has decided to do instead, with its December 2022

crisis as its excuse, the government facilitated IPPs.

In the last three years, IPPs were paid nearly 60 percent of the capacity charges from the revenue earned from selling electricity. Similarly, when the Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act 2010 (QEEES) was enacted, rental and quick rental power plants started operating by bypassing competitive bidding and selling electricity at exorbitantly high rates. Over the last 10 years, the capacity charges for private power plants has become so high that it exemplifies how private producers misused the QEEES Act to transfer public money in favour of private gains for rentals and quick rentals.

There is a sharp difference between past examples of regulatory capture (through the QEEES Act 2010 and Berc Act 2003) and the new form of regulatory capture (the December 2022 Berc Act 2003 amendment).

In previous instances of regulatory capture, preventing competition used to be justified with the excuse of crises and for “protecting the interest of the public”. The present “special circumstance” rationale does not recognise the social costs of price adjustment at all. The new form of regulatory capture only ensures producers' interests by preventing public hearings.

How can the government ensure that a handful of people will take right decisions on behalf of thousands of inflation-affected people? How will we know what is happening behind closed doors?

Special treatment for AL is the new norm



THE STREET VIEW

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The Awami League is set to hold a public rally in Rajshahi on January 29. Party leaders and activists have been taking preparations to ensure that it will be a mammoth one. As the national election is just a year away, such public rallies will basically turn into election campaign rallies. So, aspiring candidates will try to get as many bodies as possible on the streets to reflect the range of their strength and support.

In all of this, one piece of news caught my eye. A special train is set to take Awami League leaders and activists to Rajshahi from Nature to attend the rally on January 29. State Minister for Information and Communication Technology, Zunaid Ahmed Palak, told journalists that the special train will not affect the schedule of regular trains. He also said that the AL men would pay for the ride.

But another report stated that AL lawmaker Habibe Millat Munna of

Sirajganj has rented a special train of 15 coaches for the Rajshahi rally.

Can a political party – regardless of whether they are in power or in opposition – use public property to attend a party rally? And is this option available to any citizen, for any political party?

In September last year, the main opposition camp, BNP, announced divisional rallies protesting the killing of BNP men, hike of electricity and fuel prices, and to demand the release of party leader Khaleda Zia. Almost all their rallies were obstructed by the ruling party, directly and indirectly. The same thing happened when the BNP held its rally in Rajshahi. A transport strike was “called” across the entire division on the morning of December 1. Rajshahi city was practically cut off from the rest of the country.

At the time, ruling party leaders and ministers said that transport

owners and workers had enforced strikes and that they had nothing to do with them. But we also witnessed the transport strike being withdrawn soon after the BNP rally ended. We also found that mobile internet services were disrupted around the venue on the day. We saw how BNP activists were obstructed and, perhaps more importantly, how the general people

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suffered as a consequence.

As a journalist, I covered some of the BNP rallies and found the same narrative to be true. I saw how a single-day rally turned into a three-day rally. For the BNP, there were transport strikes so that its supporters and sympathisers could not join. For the Awami League, there were arrangements of special trains so that party faithfuls could join the rally in droves.

Our political culture has taken such a turn that we take for granted that the ruling party will get some special treatment when they hold rallies, and the opposition is bound to face obstruction for doing the same. What happened centring on BNP's rallies is actually normal and, it appears, so is what's about to happen on January 29 in Rajshahi (that is, the special train for Awami League's rally).

This new normal is currently the most pressing problem in Bangladeshi politics. We used to hear the phrase “level playing field,” but when the caretaker government system was abolished following a court order, opposition parties and many civil society members said there wouldn't be a level playing field anymore. And a free and fair election would not be possible if a level playing field is not ensured. But ever since the 2014 election, the term “level playing field” appears to have evaporated from our political vocabulary, speeches, discussions, and even from rhetoric. *That* is the new normal.

As distrust, fuelled by intolerance, widens among the two major political camps, and the path towards mutual understanding is basically shunned, this new normal will push the whole nation into an abyss of political uncertainty that is far from normal.