

## The world is watching Gaza

### World leaders must pressure Israel for an immediate ceasefire

This Tuesday, we witnessed the highest 24-hour death toll since Israel began its bombardment of Gaza after the October 7 attack on its soil by Hamas. Reportedly, more than 700 Palestinians were killed in overnight Israeli airstrikes, bringing the total death toll in Gaza to 5,791. The numbers are expected to rise as the conflict continues to escalate, deepening a humanitarian crisis in the besieged enclave where aid agencies are still struggling to reach civilians.

Against this backdrop, the UNicef has called for an immediate ceasefire and unimpeded humanitarian access to Gaza, decrying the staggering number of child casualties as “a growing stain” on humanity’s conscience. About 2,360 children have been killed in less than three weeks, and a further 5,364 children have been injured. Major media outlets have also reported how Gaza’s hospitals are ceasing to function without water and fuel for generators. This collective punishment of Palestinians and the blocking of crucial aid into Gaza have been rightly described by Human Rights Watch as a war crime.

It is clear to any reasonable observer that there is a dire need for an immediate ceasefire. Which is why it is baffling to see certain world leaders continue to veto and resist anti-war resolutions at the UN Security Council. Last week, the US vetoed a resolution that would have called for a pause in fighting, and an earlier Russian-drafted resolution was also rejected. The blind support for Israel from its allies is only emboldening the state, which has now declared it will no longer grant visas to UN representatives to “teach them a lesson” after UN Secretary-General Antonio Guterres spoke of the “clear violations of international humanitarian law” in Gaza.

Given that 80 percent of Gaza’s inhabitants relied on international aid before the war, Israel’s latest stance on the UN is deeply concerning. UN agencies and other humanitarian organisations must be allowed to operate within Gaza to take crucial aid to its devastated population. It is not only morally reprehensible for Israel’s allies to turn their backs on them – if Israel is allowed to continue to commit war crimes with impunity, what precedent does it set for other countries violating international law? What does it say about the state of the international justice system? World leaders, especially Israel’s allies, must remember that we are all watching. The people need to know that the rules apply to all, not just those who do not have the power to abuse them.

## A symbol of wasteful expenditure

### Govt must properly utilise buildings lying empty

Of all the ways that government agencies can waste public resources, leaving ready buildings unused in a city so starved of space perhaps makes least sense. According to a report by *Prothom Alo*, this is what has been happening with a number of building projects in Dhaka. The issue here is not just the disuse or physical decline of these buildings but also the misallocation of public funds. The question is: why even build and then abandon them, and why is nothing being done about the mismanagement in these projects?

One of those buildings is Dhaka Tower, property of the Dhaka Zilla Parishad. This 20-storey structure, built at a cost of Tk 163 crore at the crossroads of Old Dhaka’s Johnson Road, remains vacant for seven years. Reportedly, the building was constructed without proper approval and abandoned in 2016 after allegations of various irregularities surfaced. Since then, documents related to its construction and permits have been mysteriously missing, apparently so that those involved with the irregularities could be spared any trouble. Bottom line: an expensive building has essentially become a burden now.

Similarly, a number of multi-storey buildings in Dhaka have been left unused by the relevant government authorities. Among them are a six-storey building complex, which cost Tk 194 crore, of the Ministry of Chittagong Hill Tracts Affairs, a 13-storey office building, which cost Tk 229 crore, intended for the Ministry of Science and Technology, and a 14-storey residential complex built by the convicted Jubo League leader and contractor GK Shamim. Some have been put to partial use, while others remain totally empty.

The lack of transparency and accountability in the utilisation of these properties is deeply concerning. It points to a corrupt work culture that plagues almost every stage of public-funded projects, starting from planning to procurement to construction to even beyond, as the plight of these building projects shows. This is not only unjust to the taxpayers who fund these projects; it also perpetuates a culture of wasteful, unaccountable spending, which has been bleeding our economy dry. We urge the government to take steps to properly utilise all buildings lying empty and pre-empt any such wasteful expenditure.

## LETTERS TO THE EDITOR

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## Police need a better public image

The police force is supposed to be a friend to citizens, and a profession which makes us feel secure in times of need. However, we often feel a sense of fear while dealing with the police. Although some officers are helpful in their attitude and actions, there are many who behave very rudely with the public. With allegations and cases of police brutality circulating in the media, this type of behaviour adds to the image of the police as an oppressive power. The authorities should look into why the police are feared rather than trusted and work to improve that.

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# Is BB’s inflation control policy falling short?



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Food inflation in the country rose to 12.54 percent in August, the highest in 12 years, according to the Bangladesh Bureau of Statistics. Bangladesh Bank (BB) has implemented a series of measures, some to appease the International Monetary Fund (IMF), to manage inflation. These measures include adjustments to the repo and reverse repo rates, marginal increases in banking interest rates, and higher treasury bill interest rates. However, the question arises: are these policies sufficient to effectively address the complex issue of inflation control?

Bangladesh is categorised as a free market economy. But, in practice, the country’s markets do not always respond naturally to supply and demand forces. They exhibit limited responsiveness to international market dynamics and supply-side factors. After the pandemic, the prices of many products in the world market saw a decline, but the same has not happened in Bangladesh. Despite BB’s effort to combat the economic impact of the Covid-19 pandemic by lowering interest rates, the credit flow in the private sector saw minimal improvement. Banks preferred to lend to established clients, particularly larger entities, contributing to a concentration of credit. This approach has had unintended consequences, including the risk of capital flight as larger borrowers transfer funds abroad.

One key factor hampering the effectiveness of BB’s policies is the delay in decision-making and significant transmission lags. The time between BB’s policy decisions and their impact on inflation can span several months, or even years, since the start of the problem. During this time, various macroeconomic variables undergo significant changes. For instance, the devaluation of the taka against the US dollar does not occur in a timely manner, creating opportunities for alternative channels such as hundi markets to emerge. These channels accommodate the demand for foreign currency and even integrate mobile banking and digital e-commerce platforms illegally, thus diminishing the formal inflow of remittance.

A more continuous and incremental approach to policy evaluation would be advisable, which would allow the market to adjust to changes gradually and prevent sharp shocks due to sudden policy implementation.

BB’s inability to effectively manage letters of credit (LCs) and the imposition of onerous LC-related restrictions have led to the circumvention of formal banking channels. There is also the foreign currency reserve drain. The fluctuation in the dollar-to-taka exchange rate between the opening and closing stages of LCs has driven up prices. Importers have exploited this inconsistency and delayed releasing

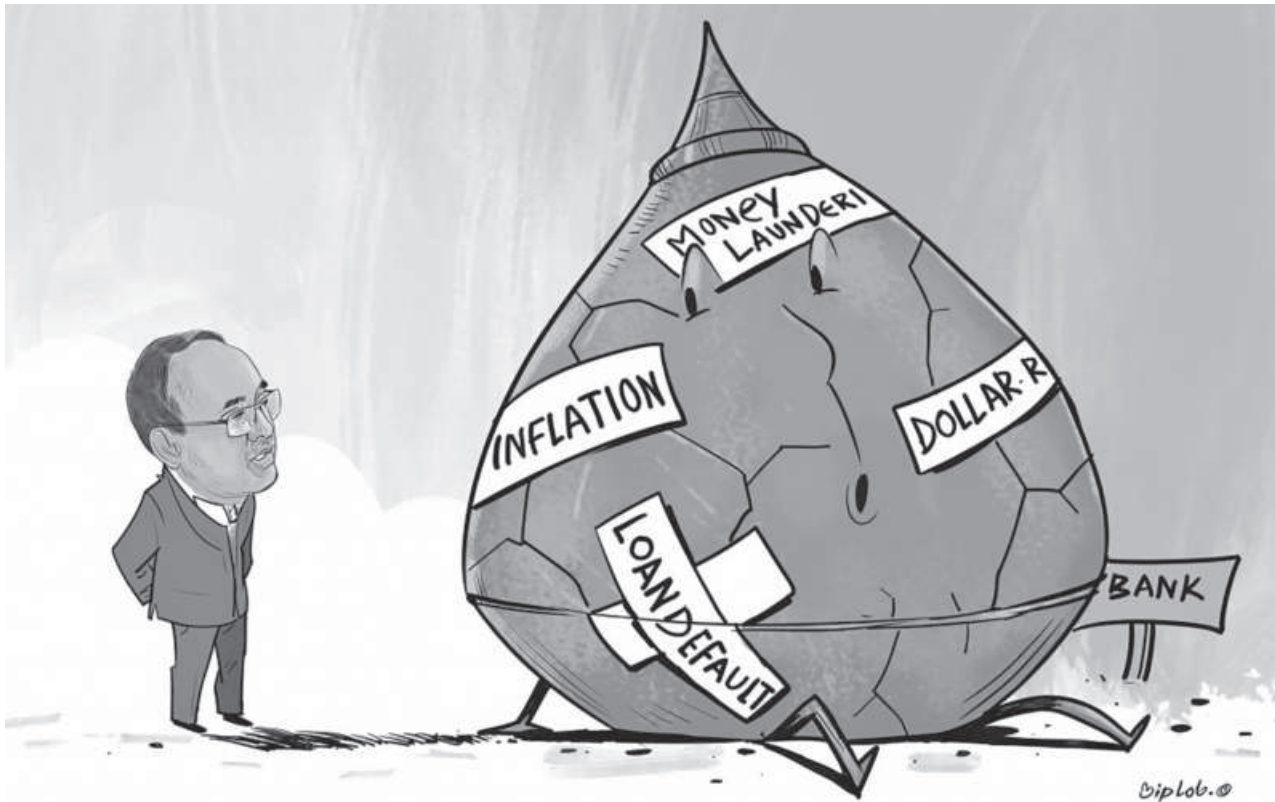


ILLUSTRATION: BIPLOB CHAKROBORTY

commodities into the market, capitalising on inflationary trends to increase profits. This situation has contributed to a self-reinforcing cycle of inflation, where the expectation of rising prices on the supply side actively contributes to increasing overall inflation.

To control inflation, the government initially delayed taking action. It remained unsuccessful in selling government bonds and withdrawing money from the market, due to its reluctance to raise interest rates. Instead, a disputed approach of filling budget deficiency via excessive money printing (known as devolvement), has been adopted. This fueled inflation further. Even now, new money is coming into being in the cyclic flows of this powerful reserve. Repo and reverse repo rates have recently been introduced after much ado, but their impact may be limited, given that private credit flow had already decreased before these measures were finally put in place.

The key challenge for our central bank lies in addressing wilful defaulters and the issues within the banking sector, particularly regarding non-performing loans. The reported data on defaulted loans is likely too low to be representative of the actual extent of the problem, and the lack of stringent actions against defaulters exacerbates the issue. These defaulters control the allocation of private investment. SMEs receive minimal private investment due to banks’ preference for lending to established clients.

“distressed” loans were created in the last five years. Meanwhile, 15 banks lack regulatory demanded working capital.

It seems that the government does not know the way. If it did, the interest rate on bank deposits would have remained reasonable against this double digit inflation. It is clear that the problem of high inflation in Bangladesh is not being solved by the government’s initiatives.

The continued decline in reserves has raised concerns about the country’s ability to pay for imports and debt servicing. Hence, both current and financial account deficits continue worsening. In the last two years, our foreign currency reserve has been decreasing by an average of \$1 billion per month. Expatriate earnings in September hit a 41-month low, decreasing by 3.8 percent compared to the same quarter last year. Furthermore, a decline in export earnings and a potential rise in fuel prices due to new geopolitical instability could further deplete reserves and exacerbate inflation.

The reduced import of raw materials and capital goods, along with a depreciating exchange rate, have created supply-side challenges. Low wages in the country’s export-oriented manufacturing sector have also raised labour rights concerns. Addressing these issues is essential for maintaining export earnings and preventing a further decline in reserves and currency value.

There are still more reasons behind Bangladesh’s inflation. Opening of

proper initiative for LC quality control, smuggling is still prevalent under the cover of imports. Without a massive reduction in money laundering, the dollar reserve crisis will not improve and the taka will continue to lose value.

The issue of high inflation in Bangladesh originated from a significant increase in fuel prices over only nine months. To make things worse, fertiliser prices also rose.

To effectively address high inflation, lowering the price of essential fuel as a strategic economic commodity is crucial. The average international crude oil price remained relatively low over the last year, but the government’s taxation policies, which involve multiple levels of duties, have resulted in uncompetitive fuel prices. Maintaining these anti-people policies significantly boost government revenue. However, the existence of a large and unproductive bureaucracy increases the cost of government operations. This, in turn, limits public spending and the incentives that are crucial for addressing the impact of inflation.

Regulatory policies can only work when the market functions properly, which is not the case in Bangladesh. Here, there are multiple layers of syndicates, including the government itself, that do not allow the market to function well. The range of structural, operational, and external factors contributing to high inflation must be confronted with timely standard practices, institutional rule, and transparent political will.

# The sudden move to empower Ansar is concerning



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The proposed Ansar Battalion Bill, 2023 is a deeply concerning move, especially given the upcoming election, growing political agitation, and the demands not to hold an election under the ruling government. The government’s insistence on a free and fair election is belied by its actions.

The bill is likely unconstitutional and inconsistent with the Code of Criminal Procedure (CRPC). Giving Ansar the authority to arrest and search civilians is not acceptable. Ansar is not trained, designed, or structured to practice this kind of authority. We have the police force for that—the constitution and the CRPC



ILLUSTRATION: SALMAN SAKIB SHAHRYAR

gives them this authority. So, are they going to change the CRPC next?

It is also unclear why it is being introduced now when there is political pressure from both within and outside the country. Are the Ansar, who are not trained or structured for law enforcement, being primed to be used unfairly against the opposition during the election season? Will they

be used to repress political opponents in rural areas and across the country?

The police are already accountable for numerous allegations of misconduct, but at least they are subject to oversight. How can the Ansar be made accountable?

The army is far better trained and coordinated than the Ansar, yet they have never had the power to arrest, even under martial law. The government’s decision to grant the Ansar these powers is therefore highly questionable.

Members of the police have already expressed dissatisfaction with the proposed bill, and it is understandable why. If the Ansar are given similar powers and responsibilities, who will be responsible for what? What will the hierarchy and chain of command be like on the field?

This move will not help the government in the long run. It will instead put their credibility and their promise to conduct a free and fair election on trial. The government must rethink before implementing this bill.