

What's the point of polls sans voters?

Dismal turnout again puts upazila election under spotlight

What is an election for? Over the last decade or so, every controversial election in the country was justified using terms like "constitutional obligation" and "democratic continuity," which suggests as if an election is something that has to happen because it *has to happen*. There is an air of ritualism to how it has been approached. But election, in the end, is for voters. It is their willing and satisfactory participation that gives the election, and contesting parties, the democratic mandate and legitimacy sought through this exercise. And this is what has been missing in the ongoing upazila polls, like the other local and national elections held in recent years.

The second phase of the upazila election—perhaps to no one's surprise—has played out exactly like its predecessor: without voters. Held in 156 upazilas, it was able to draw only 37.57 percent of eligible voters. This is the second-lowest turnout in the history of upazila elections. The lowest ever? Well, that "honour" went to the first phase of the election held on May 8, in which only 36 percent of voters participated. The decreasing trend has been consistent throughout the upazila elections conducted under the Awami League. For example, voter turnout in the 2009 polls was 70.57 percent. It was 61.23 percent in 2014, and 40 percent in 2019. After May 8, both the Election Commission and Awami League blamed rain and paddy harvesting for the ultra low turnout. What will they blame now? Post-harvest fatigue?

It is pointless to talk about the winners in the second phase. Like in the first, most chairman and vice-chairman seats have been won by contestants affiliated with the Awami League. To be clear, the ruling party did not field candidates this year, so its grassroots leaders contested as independents. BNP's boycott of the polls can be a key factor behind the lack of enthusiasm from voters, but Tuesday's dismal showing has strongly reinforced the perception of scant public support for the kind of elections being held under the current regime. So, the questions we cannot tire of asking are: how does an election rejected by most voters qualify as a democratic exercise? Is the relative absence of violence enough to justify it? Will those elected through this process feel beholden to ordinary people?

Barring exceptions, they most likely will not. What is the point of an election, then? As things stand, the authorities have two choices: they can either ignore the abstentions writ large and carry on regardless, or they can finally listen to the voters/absentees and do something meaningful about it. For the sake of democracy, we hope they choose the latter.

Protect the rights of ordinary Bawm people

Arbitrary arrests and harassment must stop

We urge the government to take the allegations brought forth by Amnesty International regarding a crackdown on the Bawm community seriously. The human rights watchdog has alleged that since April 7, over 100 Indigenous Bawm people have been arrested in the Chittagong Hill Tracts (CHT) following multiple attacks on banks and security facilities between April 2-3. While these attacks must be investigated and their perpetrators brought to book, security forces should not carry out blanket arrests of Bawm people without legitimate cause.

Not only are such arrests counterproductive in holding the actual perpetrators to account, but they might also lead to further distancing between the Indigenous population and law enforcement agencies as well as human rights violations, giving rise to more tension and the possibility of future violence. Law enforcers can, of course, arrest individuals on specific charges. However, when conducting such operations, security personnel must also be mindful of protecting ordinary citizens.

Aside from the arrests, Amnesty has also alleged that security forces have been restricting how much rice each Bawm person is allowed to carry from groceries—possibly to prevent Kuki Chin National Front, said to be responsible for those attacks, from stocking up on food. And here again, we must advise caution on part of the security forces to not overstep acceptable boundaries that may lead to the harassment of the Bawm people or make their life and livelihood difficult.

The prevailing situation in the CHT, as we understand it, is quite sensitive. In the face of various challenges, security personnel have their work cut out for them. But it is precisely because of the sensitive nature of this situation that security operations in the region should be conducted keeping in mind that the rights and security of citizens—especially those belonging to minority communities—are not violated in any way. Ultimately, peace in the CHT is dependent on the proper implementation of all the clauses of the CHT Peace Accord. And that is the direction we should be headed for, not greater securitisation or marginalisation of local communities.

THIS DAY IN HISTORY



Israel withdraws from southern Lebanon

On this day in 2000, Israel ended its 18-year occupation of southern Lebanon, withdrawing the last of its troops from its self-declared security zone.

FY25 budget can be our chance to stabilise the economy

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The national budget for FY2024-25 remains a widely anticipated subject for all concerned economic actors. Given that the economy has been under growing stress over the last two years, it is essential that we understand the critical drivers of this growing macroeconomic tension if we want to craft the measures that can stabilise our economy and support a sustainable turnaround in economic performance. This makes the adoption of a right strategic direction for the upcoming budget a core developmental imperative for Bangladesh, especially if we want to avoid the pitfalls of the infamous "middle-income trap," which strongly stems from the policymakers' inability to adequately manage macroeconomic tensions and undertake needed structural reforms.

As things stand, the economic pressure we currently observe has four key drivers. First, inflation has remained almost double digit over the last 20 months. Second, foreign exchange reserves continue to deplete as Bangladesh has lost approximately \$24 billion over the last 24 months. Third, the fiscal space is almost nil as the entire development budget is now financed through domestic and international borrowing (see table)—which is an unsustainable strategy due to the rising domestic and international interest rates—while the entire government revenue (i.e. tax and non-tax revenue) is exhausted by the wages and operating expenses, growing subsidies, and interest payments. Fourth, the banking sector is in a perilous situation, which seriously limits the government's ability to borrow from there, and there is a lack of clarity concerning how the defaulted loans and capital shortfalls of the 10 banks—shortlisted for voluntary merger—will be financed.

Against this backdrop, it is imperative that the government boldly undertakes a strong change in its strategic direction by bringing the following decisive measures: i) commit to contractionary demand management through tightened fiscal and monetary policy (i.e. keeping budget deficit at three to four percent of GDP); ii) improve fiscal capacity by removing tax exemptions, increasing the share of direct taxes, modernising

property tax system, etc; iii) rationalise administrative expenditure—if necessary, merge some small- and medium-sized ministries, such as the ministries of industries textiles and jute, for example; and iv) consider freeing all public sector employment for at least the next two years.

To improve fiscal capacity, it is essential to recognise that Bangladesh currently has one of the lowest tax-to-GDP ratios in the world, which is increasingly deepening our reliance on progressively expensive domestic and foreign debt to support developmental expenditures. It is also pertinent to acknowledge that no country has ever transformed into an upper-middle-income or high-income country, as Bangladesh aspires to be, with a weak fiscal capacity that limits the scope of mobilising necessary public investments on institutions, human capital, infrastructure, and technology transfer.

The PRI Centre for Domestic Resource Mobilization (CDRM)

and other wealth taxes should also receive NBR's serious reflection. This should ideally ensure that accumulation of wealth is properly taxed, while also encouraging a shift of speculative investment funds from land to the productive sector of the economy.

vi. The finance ministry should reflect on reforming the VAT system so that it operates like a true VAT regime by eliminating the complexity created by having multiple tax rates on the same products at different stages of production. This would reduce the scope for evasion and so boost revenues, and also discourage the vertical integration of firms and support the SME sector through subcontracting by large enterprises.

vii. The government should also recognise the importance of rationalising tariffs and reducing anti-export bias within our tariff structure. The NBR should ideally reduce dependency on import tariffs for revenues over the medium

stability. They include: i) unification of the exchange rate in the interbank market and adoption of a market-based crawling peg system; ii) abandoning the six-nine caps and the successor SMART system for interest rate determination and restoring the market determination of interest rates by banks and financial institutions; and iii) a 50-basis-point increase in Bangladesh Bank's policy rate.

These major policy shifts need to be implemented without unnecessary market interventions, and should also be supported by: i) continuing the current policy of refraining from central bank financing of the budget deficit, despite the expected pickup in budgetary spending in the final months of FY2024; ii) halting the existing practice of offering excessive liquidity support to commercial banks; and iii) increasing the Bangladesh Bank policy rate by 0.50 percentage point every month till it reaches 10 percent by July-August 2024.

SUMMARY OF FISCAL OUTCOMES

Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (B)	2021-22 (A)	2022-23 (B)	2022-23 (A)
GDP (Tk billion)	23,243	26,392	29,514	31,705	35,302	39,717	39,717	44,393	44,393
Total Revenue/GDP	8.6	8.2	8.5	8.3	9.3	9.8	8.4	9.6	8.6
Tax/GDP	7.6	7.4	7.7	7.0	7.6	8.7	7.5	8.6	7.7
Revenue Expenditure/GDP	7.8	7.7	8.1	8.0	8.2	9.1	8.1	9.1	8.7
Development Expenditure/GDP	3.5	3.9	5.1	5.1	4.8	5.7	4.9	5.8	4.5
Total Expenditure/ GDP	11.3	11.5	13.2	13.1	13.0	14.8	13.0	14.9	13.2
Fiscal Deficit/ GDP	-2.6	-3.3	-4.7	-4.8	-3.7	-5.0	-4.6	-5.3	-4.7

SOURCE: MINISTRY OF FINANCE, MONTHLY FISCAL REPORTS, AND THE BUDGET FY2023; B=BUDGET; A=ACTUAL

recently pointed out measures that could significantly boost revenue over the short and medium terms. They are as follows:

i. A deliverable long-term plan should be developed for the restructuring and automation of tax administration.

ii. The National Board of Revenue (NBR) should seriously consider removing tax exemptions in the FY2025 budget to boost revenue mobilisation. If the NBR rationally amends the rebates, discounts, exemptions, exclusions, and reduced rates of taxation, then this should directly increase revenue.

iii. The NBR should improve the monitoring of the withholding of advance income tax from wages and salaries of employees. This should also increase revenue.

iv. We also recognise that increasing the share of direct tax revenue in total revenues significantly is fundamental if we want to bring the country in line with other countries at a similar level of income.

v. Reforming and increasing the effectiveness of capital gains, property

term, as this would encourage the diversification of our export basket, adding higher resilience to our exports.

viii. As part of reforms, the government should establish a separate tax policy division in the finance ministry, staffed by experts in tax policy (as opposed to tax administration). The NBR should focus exclusively on tax administration. This separation should help ensure that the tax changes needed to increase revenues are made in ways that are effective, efficient and equitable, and not only revenue-focused.

We are encouraged by the recent press reports that the new budget will entail a very modest nominal growth over the outgoing budget, entailing a reduction in real terms, after adjusting for inflation. This contractionary fiscal stance will help reinforce the contractionary monetary policy stance adopted very recently by the Bangladesh Bank. After long delays and initial hesitancy, the central bank has announced major shifts in its monetary and exchange rate policies to support macroeconomic

Finally, the state of governance in the banking sector has become an Achilles heel for the entire financial sector, which is creating substantial uncertainty concerning how wilful plundering of banks will be addressed—and the exact fiscal and monetary mechanisms that will be used to recapitalise the sector.

On the whole, while clarity has been achieved to some degree regarding the direction of economic policy in the coming fiscal year, the FY2025 budget—to be announced on June 6—will certainly play a critical role in shaping the strategic direction that the government's economic team will craft to trigger a sustainable bounce back from the current economic stress. The noted strategic direction for the upcoming budget needs both political commitment and patience. If the history of economic progress and crisis has taught us anything, it is that an economic turnaround is always possible if policymakers have the appetite to embrace the historically tested policies and reforms that have worked during such economic downturns.

Can automation and AI bring work-life balance?



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Automation and artificial intelligence (AI) are undergoing swift progressions and have the potential to revolutionise labour markets on a global scale. Bangladesh, characterised by its robust labour force and expanding economy, encounters distinctive conditions that demand a detailed re-evaluation of its labour legislation and policies. This re-evaluation should achieve a balanced equilibrium between technological advancements and safeguarding its workforce—creating a work-life balance, so to speak.

Automation is progressively emerging as a critical factor in the global readjustment of employment environments. In 2020, the World Economic Forum anticipated that automation would displace roughly 85 million jobs by 2025. Concurrently, 97 million new employees who are better suited to developing work paradigms that combine algorithms, machines, and people are expected to emerge. Given that the workforce can successfully transition, this duality creates a scenario in which the displacement of conventional jobs results in new opportunities.

To maintain industrial competitiveness in the face of substantial demographic challenges and labour shortages, nations such as Japan and Germany have implemented automation systems in the automotive industry. On the contrary, in countries characterised by youthful populations and elevated levels of unemployment such as Bangladesh, the difficulty of securing employment may intensify without proactive strategies.

The textile and garment industry, a sector that supports more than four million individuals and is fundamental to the economy of Bangladesh, has initiated a phased implementation of automation technologies. According to a 2018 research by the International Labour Organization (ILO), this transition threatens employment, particularly given most of the unskilled labour in this sector. However, automation also offers the potential to mitigate specific persistent challenges within the industry, such as hazardous working conditions and excessive work hours, by enhancing production process efficiency and achieving

a work-life balance easier for the workers.

Various nations have adopted distinct strategies to confront the obstacles presented by automation. An instance of active involvement in developing regulations about AI and labour is the European Union, which has placed significant emphasis on ethical principles and safeguarding workers' rights. France has prioritised policies that incentivise businesses to invest in the development and training of their employees to equip them for a better-automated future.

Bangladesh can draw upon Singapore's solid strategic framework to enact initiatives to encourage the adoption of automation technologies and enhance workforce skills across all sectors. These protocols guarantee easier assimilation of personnel into their newly created positions due to technological progress.

Labour regulations in Bangladesh, specifically the Labour Act, 2006, predates the emergence of contemporary technological advancements. The existing legislation must confront the intricacies of automation and AI more effectively as it fails to incorporate provisions for safeguarding workers in vulnerable sectors, retraining, and upskilling. Legislation about the ethical ramifications of AI needs to be revised despite its importance in guaranteeing that such technologies' implementation upholds workers' rights and fosters fair labour practices.

To capitalise on and accommodate the influx of automation, Bangladesh may contemplate several strategic

measures, such as consolidating current labour legislation with automation and AI, emphasising promoting skill development, retraining, and job transitions. It is important to: i) foster public-private alliances that bring together academic institutions, industry leaders, and government agencies to cooperatively design specialised training programmes that meet the needs of an automated economy; ii) strengthen social safety nets to help people going through work changes or are unemployed due to technological breakthroughs; iii) create a set of moral guidelines to direct the use of AI systems so that its application respects the ideas of fair work practices and avoids discrimination; and iv) join forces and share expertise internationally with nations that have tackled the challenges of automation by enacting progressive laws and regulations.

The progression towards an automated economy is an unavoidable development that will profoundly transform the character of labour. Bangladesh faces the dual challenge of harnessing technological advancements to stimulate economic expansion while safeguarding its workforce's welfare. By applying insights from global case studies and taking proactive measures to revise labour legislation, the country has the potential to strike a precarious equilibrium between promoting its economic goals and protecting its most invaluable resource—its human workforce.