



# The Financial Express

## Fighting corruption

Abdul Bayes | Saturday, 2 November 2019

Under the headline "No more a basket Case", Sadanand Dhume, a columnist of the Wall Street Journal, once wrote: "... Nearly 40 years ago, only the most reckless optimist would have bet on flood-prone, war-ravaged Bangladesh over relatively stable and prosperous Pakistan. But with a higher growth rate, lower birth rate, and a more internationally competitive economy, yesterday's basket case may have the last laugh". Needless here to mention that yesterday's basket case is today's brimming Bangladesh with praiseworthy economic performance. Not only against Pakistan, Bangladesh's edge over India, in some social indicators of course, has duly been documented by no other than Nobel Laureate Amartya Sen. Bangladesh is now being dubbed a 'development puzzle' in international discourse, thus rejecting Henry Kissinger's irksome comment "basket case" or Just Faaland and J Parkinson's "A Test Case of Development" of the immediate post-independence era.

The reasons behind the epithet 'development puzzle' are possibly not far to seek. Against the piteous past, the country gained massive mileages in solving some of the socio-economic problems during the last decades. Special mention may be made of rapid rise in economic growth rate from a scanty average of 4.0 per cent to as high as 8.0 per cent in recent years; progresses in food grain production (greased by the green revolution, policy shifts) resulting in self-sufficiency; drastic reduction in child and maternal mortality and fertility rates ( through oral saline, immunisation campaign and improved health system) to lowering household size attaining longer life and improving human capital; development of farming system (via technology adoption, research and extension) positively affecting agricultural diversity; growth of remittances and ready-made garments (inspired by incentives and environment) to swell foreign exchange reserves etc. Besides, faster growth and social protection policies drove down income poverty over time. In fact, these are few of the factors that explain the development puzzle or the rosy ride of Bangladesh in its development journey. Especially, the acceleration of growth rates in recent years coupled with initiatives to undertake some mega projects, including self-financed Padma Bridge, added to the admiration the world over.

Disconcertingly, however, inequality in income and wealth rose sharply during the comparable decades. The gini coefficient is reported to have reached close to the danger zone. Inequality in income adversely affects the pace of poverty reduction as is possibly evidenced during the past couple of years. Our development strategy has long been "grow first, distribute later" to satisfy Simon Kuznet's inverted "U" hypothesis -- growth inviting disparity at the initial periods but in later years, dispels disparity with a trickle-down effects of the fruits of growth. Economists Hirschman and Rothchild invoked the concept of "tunnel effect" i.e the tolerance for inequality in income distribution along the path towards economic development. They say, "if, given social structure, the tunnel effect is weak (i.e tolerance for inequality is low), a strategy of grow first and distribute later is unlikely to meet with success. Even with strong tunnel effects, the development process may be thwarted if ruling groups and policymakers are insensitive to the erosion of these over time". Prevailing wide disparity in Bangladesh owes, to a greater extent, to ill-gotten income and wealth by a segment of society; to the absence of strong institutions to



fight corruption.

Inequality aside, the costs of Bangladeshi's development so far also include environmental degradation, biodiversity losses, grabbing of rivers, canals, parks and forests on the strength of political patronage. The growth of an underground or black economy, capital flight, rapid rise of corruption at all levels, a culture of loan default - all went to undermine the gains out of the hard-earned 'development puzzle'. Institutional development has not taken place *pari passu* to make economic development sustainable. Consequently, presence of black economy, prevalence of corrupt practices and a culture of loan defaults have triggered a process of eroding social norms, moral values and culture. By and large, people of this country who have once supported the liberation war for realizing Bangabondhu's dream of Golden Bengal ('Sonar Bangla'), have turned out to be pessimists about the country's future because of rapid rise of the forces pernicious to society, politics and economy.

It is against this bleak background that Prime Minister Sheikh Hasina recently stood up firmly to show

us some ray of hopes. She ordered the law-enforcing agencies to undertake a drive against the casino criminals who own and manage gambling industry illegally to plunder money and wealth. They transfer their money illegally to invest in assets abroad. Inside the country, 'mafia' gangs, via power of money, pollute politicians and drive society into darkness by eroding social values, cultural norms, and more importantly by pursuing perverse consumption with immense 'demonstration effects'. They create an environment where the sword becomes mightier than the pen, muscles mightier than merit; where, and akin to Gresham's law in economics, bad people tend to drive good people out of circulation, especially in politics.

People breathed a sigh of relief hearing the news of the raids by law enforcers on the dens of the criminals' but, seemingly, with some doubt about the efficacy of the drive in the long run. They compare the drive against the past ones pursued half-heartedly. But this time we witness a difference when the cleansing drive started from PM's own party, thus, adding a feather to the ruling party's cap.

Common people wholeheartedly support the current campaign against all sorts of corruption and 'mafia' groups. Sustainable development of Bangladesh demands that the socio-economic and political devils must be brought to book well before the gains so far achieved get consolidated. Let an era of good governance and development without deprivation of any kind come into force.

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