

Demystifying the TIB report

May I point out at this stage that it is not only service providers or people who are in charge of these services, who are at fault. Consumers, too, pay the bribes, knowing fully well that it is not right. The most frequent reason is to "jump the queue." In other words, you do not wait for your turn or you are willing to deprive someone else of the service, someone who is more deserving, by paying the bribe. Sometimes you pay the bribe so that you are allowed to violate the law.

NASREEN KHUNDKER

RECENTLY, Transparency International Bangladesh released its National Household Survey 2007 on Corruption in Bangladesh (henceforth referred to as the TIB report). As always, the report has been widely publicised and taken very seriously by different quarters, including the government.

Since the issue of corruption has been the main agenda of the caretaker government since 1/11, and the perception of pervasive corruption in Bangladesh is to a large extent based on the TIB reports, it is worthwhile that the report be carefully scrutinised, especially in terms of its methodology and findings. One has to also evaluate if the approach taken to combat corruption is a correct one, in terms of the findings and implications of the report. This short article aims to do so.

The TIB Report 2007 is basically a household survey, including 2,500 households in urban and rural areas. The objective is to assess the extent of corruption in different sectors, viz. education, public health, land administration, law enforcement agencies, judiciary, electricity, local government,

tax, banking, and the NGO sector. The selection of sectors shows that the focus is on the provision of public services by the government, although the NGO sector creeps in, with no apparent purpose, unless one justifies this on account that NGOs are also major service providers.

The general methodology followed in assessing the extent of corruption in different sectors is to look at the households' interaction with each sector i.e. the type of services demanded, the forms of corruption and the incidence (extent in terms of stated frequency) of corruption. The report then focuses on bribery, the volume of bribery and if it has increased or decreased between two time periods in terms of its incidence.

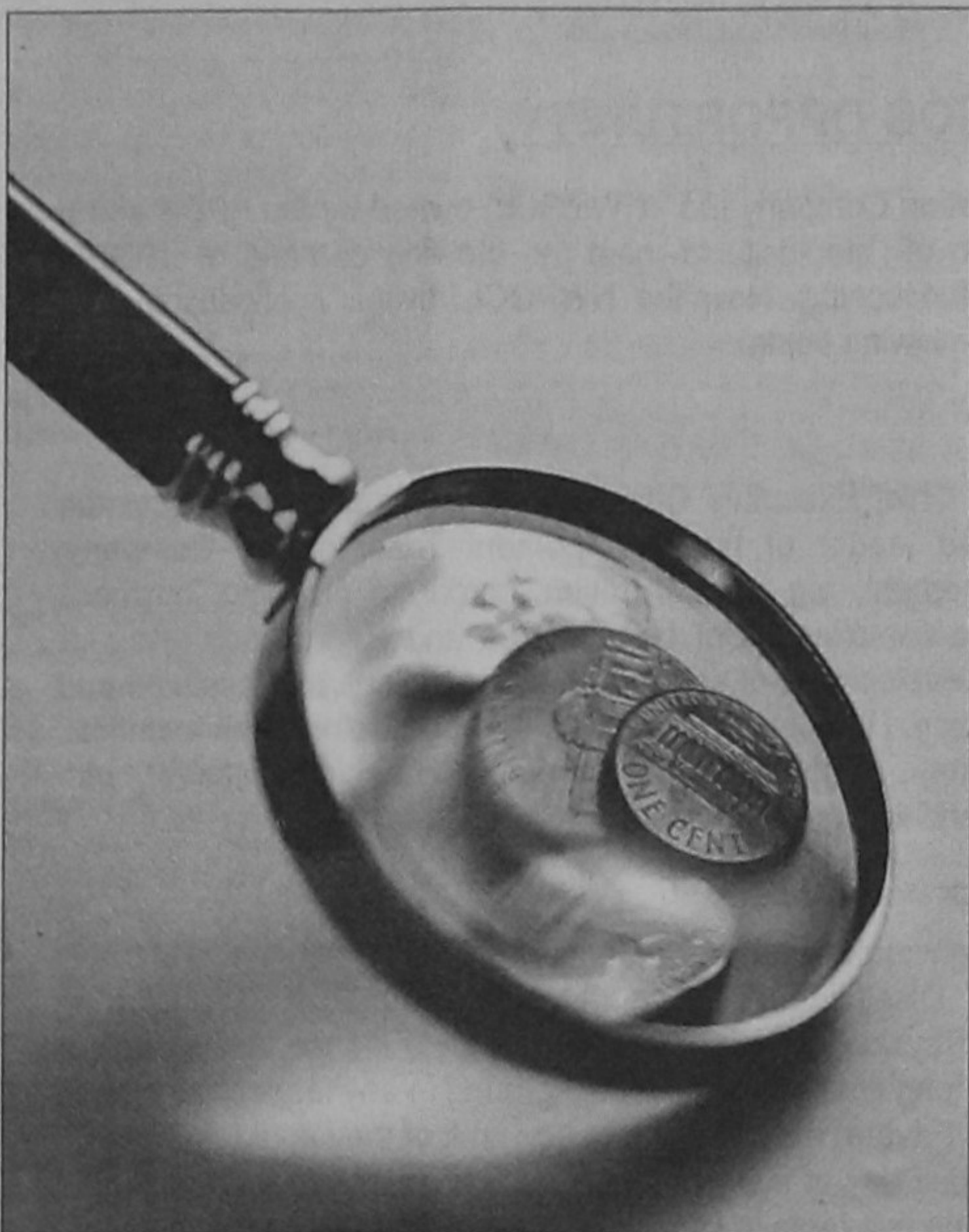
First, one would like to point out that a broad-based survey like this can indicate some basic facts, but it cannot give any in-depth idea of the processes or the factors involved e.g. what induces corruption, and therefore, how to combat it, etc.

The Bangladesh Bureau of Statistics, for instance, publishes such censuses and surveys on a regular basis. A list would include the Household Income and Expenditure Survey, Bangladesh

Economic Survey, Agricultural Census, Population Census, etc. These provide some basic statistics useful to researchers, but can rarely be treated as an analytical finished product. Considerable analysis and interpretation is needed before any definitive conclusion is made regarding say what is the dynamics of population change, what is happening to the agricultural sector, how to increase agricultural production, or what is the state of poverty. In this sense, it is a bit surprising that the TIB report is treated as a definitive study, with very little enquiry into the quality of data, the methodology, etc.

Next, let us look at the definition and forms of corruption discussed in the report. Corruption, as defined in the TIB report is more than bribery. It is "abuse of entrusted power for personal gain." The Oxford Advanced Learner's Dictionary similarly defines corrupt to be: "(of people) willing to use their power to do illegal or dishonest things in return for money or to get an advantage."

The report then considers six forms of corruption: bribery, negligence of duties, nepotism, embezzlement, deception, and extortion. According to the survey, 38.6% of respondents experienced bribery,



while 38.3% experienced negligence of duties, while 9.8% reported embezzlement, and 8% nepotism.

It is difficult to understand why negligence of duty should be termed corruption, given the definition used in the TIB report. It is definitely bad to neglect one's duties, but the consequences depend on the extent of this neglect, and no monetary transaction or

undue advantage is involved. Moreover, is it at the same level as embezzlement, bribery, or even nepotism? There is definitely a moral judgement to be made. It should also be pointed out that embezzlement, fraud, or nepotism may be much harder to detect, especially at the household level.

Moreover, while the report gives some estimate about the amount of bribery involved, it gives no indica-

tion of the extent of negligence of duty involved in the stated cases and what were the consequences of such neglect. The findings in most cases are based on peoples' perceptions or allegations.

One may note that the very fact that one has to pay bribes to gain access to a public service indicates scarcity, as much as moral degradation. In economic theory, when a factor is scarce, it generates what are called rents, i.e. a payment over and above the opportunity cost of the service (what it could have earned in its next best alternative use).

Thus, what Runa Laila or any talented singer earns is mostly rent, because her singing talent is so scarce in supply that competition cannot erode away this rent. Scarcity also generates rent-seeking behaviour. Thus agents, those who would like to access the service, and those who provide these, would both spend a lot of time and effort and money to undergo transactions. In the language of economics therefore, these (bribes) are often referred to as transaction costs.

For our purpose, what is important, are the policy implications of these transaction costs. My simple judgement tells me that if public services are scarce, so much so that a lot of resources are spent to gain access to these, one has to work towards an efficient delivery of such services. This can be done either through increased budgetary allocations or by devising efficient allocation mechanisms.

Just like if we want more talented singers like Runa Laila, we have to spend some resources in cultivat-

ing such talents. Simply moralising or throwing people in jail will not do the trick, at least with regard to public services.

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The example which is fresh in my mind is that of an acquaintance who paid the guard in advance, before a payment was asked for, to smoke in a forested area where smoking was forbidden. When I protested, his reaction was that he always helps poor people! Sometimes we also willingly pay once we get the service as our token of gratitude -- "baksheesh." This we do, consciously perhaps, because we are aware that most employees are terribly underpaid. No wonder the law makes both the giving and taking of bribes illegal.

The TIB report can thus at best tell us that our public services need to be improved. It also indicates that some services (diagnostic tests at public hospitals) are underpriced, since people are willing to pay more for such services. It definitely cannot be used to make us feel that as a nation we are at the bottom of the ladder in terms of moral standing.

Take the case of negligence of duty for instance. If a doctor at a public hospital has to see 200 or more patients a day, compared to his counterpart in a richer country who sees 10 to 15 patients a day, how can we see his neglect as a moral degradation? Further, if we take each of the different forms of corruption separately, particularly nepotism, embezzlement, and fraud, the proportion of which is quite low according to the TIB report, it is also hard to see how Bangladesh would rank the highest.

The TIB report also does not throw much light on other much bigger games in terms of corruption, e.g. the corporate sector. In these other sectors, the question immediately comes to mind as to who are the partners in corruption? Are they aid agencies, multinationals, and how much of this corruption can be attributed to the official or politician receiving the bribe or favour, and how much of it is attributable to the agency which gives the bribe.

The latter are willing to do so because they have high stakes, e.g. in terms of oil or gas exploration, or a particular set of development policies. The bribes in the latter case can take the form of highly paid consultancy contracts or offering contracts to only those who would share your views. Without such deeper analysis, we are still very much in the dark as to how the public interest may be compromised, leave alone how to correct the situation.

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Brazen example of society's cruelty

The death of Kazi once again exposed the cruelty and hollowness of our society. Family members provide greater attention to any handicapped member for his survival. Our farmers are the handicapped section of the society. They need extra care from the enlightened section of the society. Moreover, they feed us. But what treatment do we give them? The enlightened or so-called elite treat them like slaves.

NAZRUL ISLAM

KAZI Abul Hashem had embraced a natural death but in an unnatural manner. He died without getting any medical care at a hospital, which is one of the premier and largest public hospitals in Bangladesh. Every human being is mortal but everybody wants to see that he or she gets proper medical care and treatment before his departure from this world.

Kazi Abul Hashem and his relatives also wanted it. That is why they brought him from the remote Brahmanhata village of Koshba upazila in Brahmanbaria up to the Dhaka Medical College Hospital braving all the ordeals. They brought him with a hope that he would get the best treatment from the best doctors of our country. But what did he get?

The two siblings (one brother and another sister) of Kazi moved to and fro for six hours along with him from one department to

another, from one floor to another, from one doctor to another, sometimes carrying the seriously ill Kazi on their own shoulders, to have him get a check-up by a doctor. They were moving, crying, and requesting; they became tired and exhausted. But not a single doctor, not a nurse, not a ward boy paid heed to their anxiety and tears.

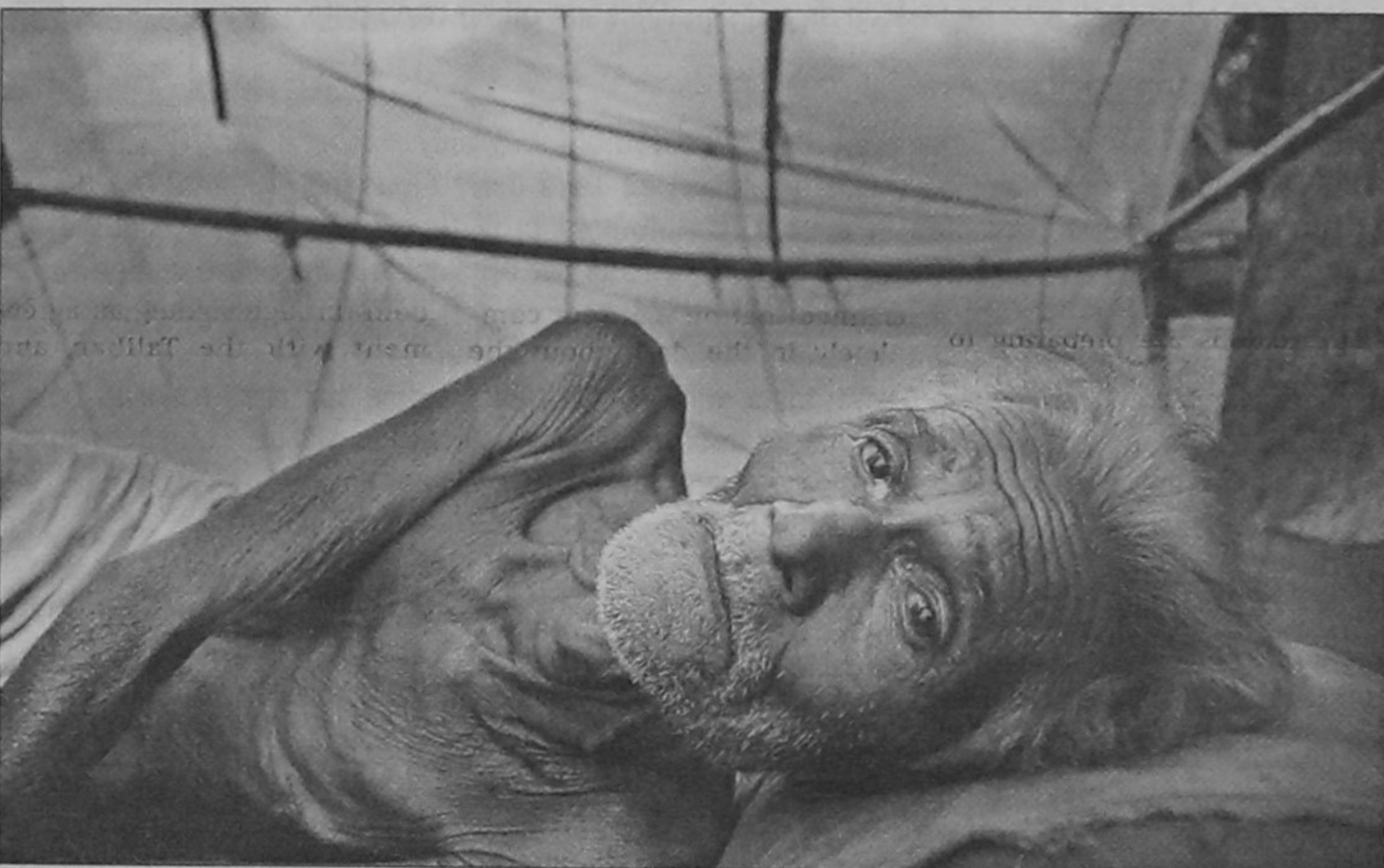
There are about 300 doctors in Dhaka Medical College Hospital, about a hundred officials, and several hundred staffs. Not one noticed the ailing Kazi, his helpless brother and sister in the hospital corridor -- it is totally absurd. Actually, the problem was that Kazi was a farmer. He came from a Koshba village clad in a lungi. The outfits of his brother and sister were also similar. They are the members of a marginal group -- the farmer. Who cares about a farmer -- uneducated, money-less, and powerless one? The world revolves around the sun, Bangladesh spins around money and power.

Kazi had neither money nor

power. So, he must die without care at a place where he had a right to expect it. The doctors who did not bother to give the slightest attention to him might be the sons of similar farmers, or their grandfathers were farmers, or at least their great grandfathers were farmers. By letting Kazi die without medical attention, they kill one of their forefathers.

I could not hold my tears back reading the heart-rending description of the incident in The Daily Star on July 10. Kazi might be my father, brother, or any other close relation. I am a member of a similar peasant family. Reading the news, I particularly got concerned about my peasant father who needs to visit hospital frequently. Who knows, he is also likely to be treated like Kazi.

I am sure had I been gone to the hospital, I would not have been treated like Kazi, because, my outfit is like that of an urban elite. A host of relatives and friends, some might be influential like journalists



Can a man like him ever receive decent care?

or bureaucrats, would have accompanied me. The doctors would have been able to identify me and my attendants observing their outfits and ways of talking. I am sure they would not have dared to show negligence to me or anyone like me that they did in the case of Kazi. They did so in case of Kazi because Kazi does not have the power to appease, intimidate, or

coerce. They did it to Kazi as none will take his side or talk about his plight.

More interestingly, when The Daily Star approached the hospital director, he expressed his ignorance about such incident. He even insisted that this type of an incident is unlikely to happen at the emergency unit. It is not the ignorance of the director. How could he

be able to know what happens in and around the hospital.

All directors or office bosses across Bangladesh go to the offices by air-conditioned cars in the morning and enter into their air-conditioned rooms. They remain busy with variety of works connected with money and power. The most important tasks they perform are meeting, sitting, and eating.

Where is the time for the director to visit the hospital wards or corridors, and inquire about the patients? Who bothers to visit the nasty and dirty wards of the hospital amidst sultry heat?

Now, who died? This is the pertinent and million-dollar question. A poor farmer of a remote village! So many poor farmers die now and then without any reason. They die in a variety of ways. Law enforcers kill them when they go to collect fertiliser or demand uninterrupted electricity supply for irrigating their lands, landlords kill them when a dispute arises, moneylenders indirectly kill them by extracting exorbitant interest from them, traders exploit them when they go to markets, and government officials and employees realise bribe from them when they go to them to have a task done.

The death of Kazi once again exposed the cruelty and hollowness of our society. Family members provide greater attention to any handicapped member for his survival. Our farmers are the handicapped section of the society. They need extra care from the enlightened section of the society. Moreover, they feed us. But what treatment do we give them? The enlightened or so-called elite treat them like slaves.

This is a peculiar country. Here

the servants become masters and taxpayers become slaves. Again that is done by enacting laws. The way our bureaucrats/technocrats behave with members of the public, it seems that they are the paymasters and the people are their servants. Our big bosses can't do their work under electric fans. They need air-conditioned rooms. When the temperature outside the room is 35 degrees Celsius or more, our bureaucrats go to office wearing woolen suits to sit in a chill room having 10 degree Celsius or below temperature.

The government and Anti-Corruption Commission have waged a holy war(?) to stamp out corruption and maladies from the country and society. But how could a country be rectified when the every artery and vein of the society is infected with polluted blood. Many dream of a bright prospect of this country. But I can't be an optimist. A few months back, I was reading the ordeal of a woman in a vernacular daily. Failing to get justice, the poor women of Gopalganj district demanded the Allah to destroy this country and people. Did we ever think what it means when a person craves such a curse for a nation?

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Indian investors enter the Caribbean

The largest investors are Mittal Steel, so far investing \$2 billion, and Essar Steel with \$1.2 billion, for steel-processing plants. At least four Indian-owned hotels currently serve the islands. The government has also awarded infrastructure projects to Indian companies, not just in telecommunications and IT-related services, but also in road construction.

LORO HORTA

AS an emerging economic power, India finds that its companies expand into remote territories well in advance of its diplomats or other government agencies. Distant places like the Caribbean are fast becoming a major destination for business and major investments from India, and the competition that pits India against its giant northern neighbour China, too, has spread to the islands. Despite China's growing diplomatic clout, the private nature of India's business expansion may give it an edge.

India's links to the Caribbean date back to the late 19th century, when Britain brought thousands of indigent servants from the sub-continent to work in its plantations. During the past five years, a new set of Indians has penetrated the Caribbean nations: in the oil-rich nation of Trinidad and Tobago, India has emerged as one of the major economic and political actors, and by the end of 2007, Indian companies had invested

\$3.4 billion in various projects across the entire spectrum of the economy.

Indian capital is present in every sector of the economy -- mining, agriculture, banking, and tourism. Reflecting a growing thirst for raw materials, the bulk of Indian investment went to the mining sector. The largest investors are Mittal Steel, so far investing \$2 billion, and Essar Steel with \$1.2 billion, for steel-processing plants. At least four Indian-owned hotels currently serve the islands. The government has also awarded infrastructure projects to Indian companies, not just in telecommunications and IT-related services, but also in road construction.

In 2006 the Tobagonian minister of trade and industry, Kenneth Valley, visited New Delhi and Mumbai accompanied by a 20 member-business delegation. In May 2006, a delegation of 120 Indian businessmen representing 50 companies arrived on the island to participate in a 10-day India-Trinidad and Tobago trade fair, followed by a visit by Indian vice-

president Bhairon Singh Shekhawat in November at the head of another Indian business delegation.

To win goodwill among the regional countries, India has followed China's footsteps into the developing world by building infrastructure projects and providing financial assistance. Indeed, the Chinese presence in the Caribbean, with the notable exception of Trinidad and Tobago, is far greater than India's. In 2007, trade between China and the 11 Caribbean nations that recognise Beijing rather than Taiwan stood at \$3.85 billion, and has been growing at an average rate of 30 to 40 percent a year for the past three years.

Nonetheless, India is determined to increase its presence in the region. The Indian government has helped computerise the secretariat of the Caribbean Community (Caricom), the regional organisation of 15 Caribbean nations, at a cost of \$1.3 million. Indian companies have won major irrigation-infrastructure contracts in Jamaica, Guyana and Suriname;

Indian companies have built cricket stadiums in Guyana and Barbados at the cost of \$25 million and \$30 million, respectively; other major projects include a new highway and bridges in Suriname, and a possible multi-million dollar contract for telecommunications network infrastructure in Guyana.

Hungry for natural resources, India has shown considerable interest in forest, mining and agriculture sectors. Four Indian companies are already importing timber from Guyana and Suriname, with such imports expected to increase in coming years. Since 2002, India has given Suriname \$72 million in credit lines for various infrastructure and development projects. Other Indian assistance to Suriname includes a cashew-processing plant and significant donations of pharmaceuticals and medical equipment.

On the energy front, delegations from India's state-owned oil giant Reliance visited Guyana and Suriname in 2007 to negotiate oil and mining concessions. Indian companies are particularly interested in the potentially lucrative gold and diamond fields of Guyana and Suriname located deep in the Amazon forest. With the current oil crisis, both India and China pursue any source of oil, even those most difficult and expensive to extract.

Sugar exports, once a major

source of revenue for Caribbean nations, have suffered significantly since the European Union imposed serious restrictions on imports. Indian sugar companies have jumped into this weakened sector, investing in revitalisation and injecting funds into the sugar industries of Jamaica, Guyana and Suriname. In August 2004, India granted Guyana a \$25.2 million credit line for the modernisation of its sugar industry. India has also sent agriculture specialists to assist the region's countries while also providing scholarships for Caribbean students to attend agriculture-related studies at Indian universities.

As a more affluent Indian population increases its consumption of sugar and sugar-related products, the country hopes to transform the region into one of its main suppliers. Indian support for the debilitated Caribbean sugar industries could deliver substantial benefits to both countries. For the Caribbean nations in particular, revitalisation of this sector would create jobs, alleviating serious unemployment faced by some of the countries. Inspired by Brazil's success with ethanol exports, Caribbean countries such as Suriname, Guyana, and Jamaica have partnered with Indian companies to investigate ethanol production.

The fact that ethnic Indians constitute significant proportions

of the population of some of the Caribbean nations has facilitated Indian investment and fostered close political ties. It's perhaps no coincidence that Indian companies have been most successful in Trinidad and Tobago, where Indians account for 40 percent of the population; Guyana where they account for 51 percent; and Suriname, 31 percent. India's fast economic growth and subsequent hunger for energy resources and other raw materials will likely contribute to further Indian interest in the region.

India is not alone with such interest and anticipates stiff competition from China and other players. While China's presence in the Caribbean is impressive, India may enjoy some advantages over its neighbour. The Caribbean's large ethnic Indian population offers India the possibility of building deeper, more solid economic and political networks that could, in the long term, offer significant advantages. The fact that India is a democracy with stable relations with United States, the region's dominant power, may facilitate its presence. In contrast, China has complex relations with the US and close ties with countries hostile to American interests, including Venezuela and Cuba, creating some apprehension over its growing presence in the Caribbean and Latin America. Venezuela, too, is

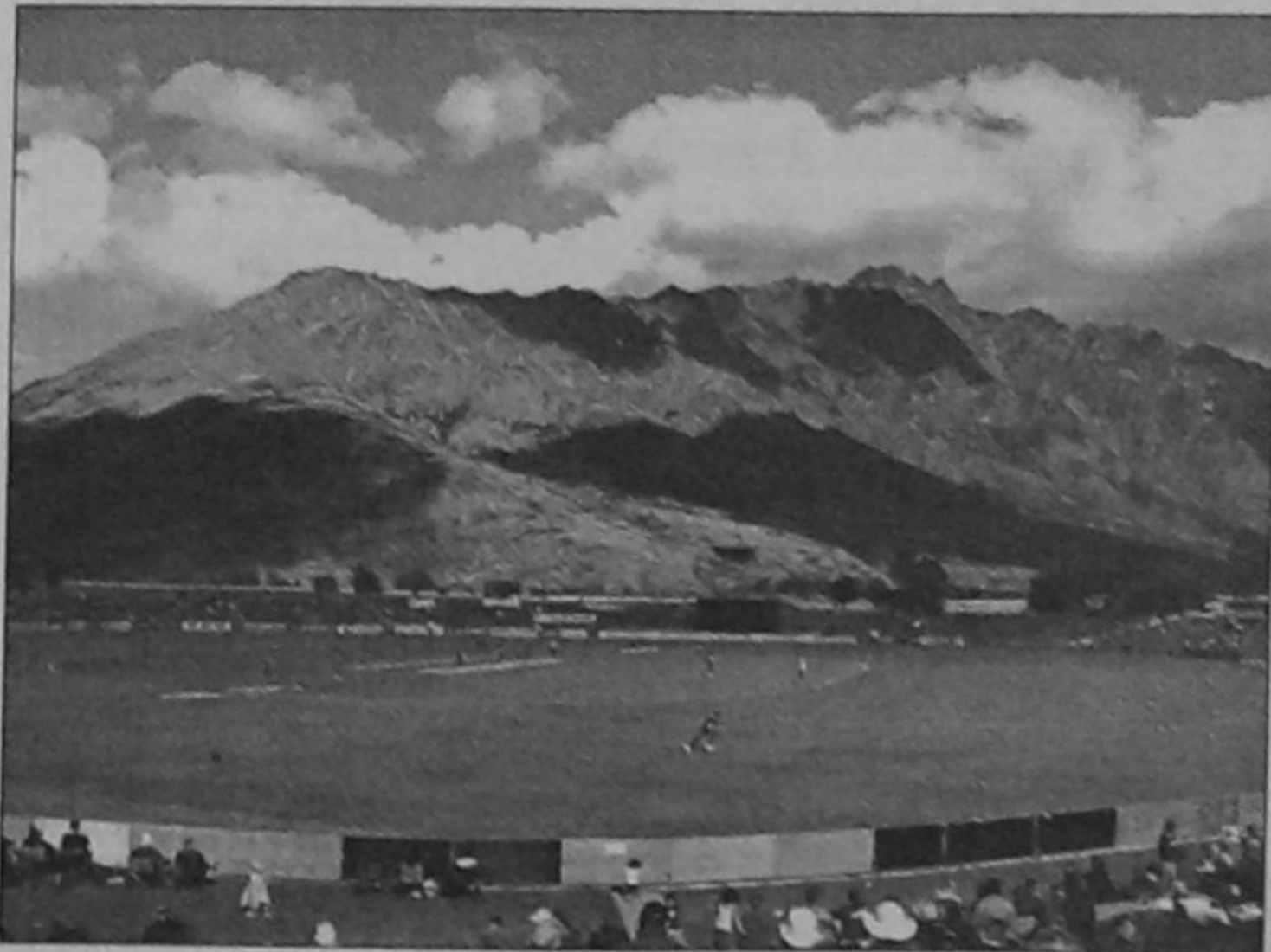
now an observer member of Caricom and recently opened embassies in the region.

Most of India's investment is carried out by private firms, while China is represented by state-owned companies, closely directed from Beijing. As a result, Indian investment in the Caribbean depends less on its government's policies towards the region. Should New Delhi lose interest in the region, Indian business would be in a better position to survive without much government backing. If deprived of government support, Chinese businesses might struggle to maintain an advantage over their Indian counterparts.

Not tied to government political objectives, Indian businesses enjoy greater flexibility. The Indian presence in the Caribbean, just like the growth of India, is taking place at a less impressive pace than that of China. But India has some advantages for the long term, so while China is winning the Caribbean sprint, India could win the marathon.

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Cricket diplomacy?