

Another monk killed!

Perpetrators operating with impunity

YET another monk, this time a Buddhist living as an ascetic in a remote place in Khagrachari, has been killed. The manner of the killings resembles the other five carried out since April 6 of this year. The character of the targets is similar – a religious figure or someone not conforming to the killers' view of religion.

What is alarming is that the perpetrators are going about their business of picking up targets almost at will. Of concern also is the fact that, apparently, the extremists have the capability of operating all over the country, even in the remotest part of the Hill Tracts. And here is a message that they want to send to the agencies and the government – get us if you can! Regrettably, the government has neither been able to net the masterminds nor neutralise the extremists as yet.

We find it difficult to accept the home minister's statement that these are isolated incidents or, as in this particular case – although he later offered a redaction – it is a result of a family feud. Such instant opinions suggest either lack of seriousness in addressing the issue or an information gap between the ministry and the agencies, none of which is desirable.

We wonder what, if anything, the government has learnt since 2013. There is a lack of cogent and coherent policy to address the problem. We are surprised at the government's indifference to share with the people its plan of combating the extremists. Doing that would certainly generate confidence in the public.

Public humiliation of a teacher

A most despicable act

WE take an extremely grim view of a headmaster being punished on alleged claims of making derogatory comments about religion. It happened in Narayanganj. The teacher, who happens to be of Hindu faith, was made to do sit ups holding his ears in the presence of the local MP. Are we living in a modern state? How will the teachers ever function again with dignity? What message does it send to the outside world about our society?

The shocking incident unveils two disturbing facts. First, he was, reportedly, a victim of personal vendetta by some people in the school management. Second, the whole incident took place in front of the local lawmaker who, instead of standing up to the perpetrators, apparently acquiesced to the mob trial. The punishment was ostensibly to save the teacher from public wrath. What a ludicrous argument! One expects an elected MP to make a better judgment call.

The real problem here is that anyone can accuse anyone of insulting religion to settle personal scores. It's your word against mine. What evidence is there to prove that the teacher actually made disparaging remarks about religion, other than the claims of some people? There should be safeguards against this kind of harassment exploiting the religious sentiment of the public. Teaching is a noble profession and teachers should be treated with due respect. We call for appropriate and exemplary action against all those who were party to this abhorrent mistreatment of a teacher.

COMMENTS

"Legal notice served to abolish death penalty" (May 13, 2016)

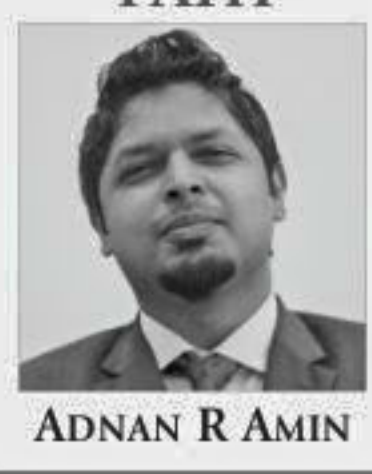
Sameena Hossain

So, they suggest that our tax money should be spent on feeding and clothing these murderers and rapists until they die a natural death!

Jahan Ara

If death penalty is abolished in Bangladesh, it will encourage the criminals to commit more crimes.

THE MIDDLE PATH



ADNAN R AMIN

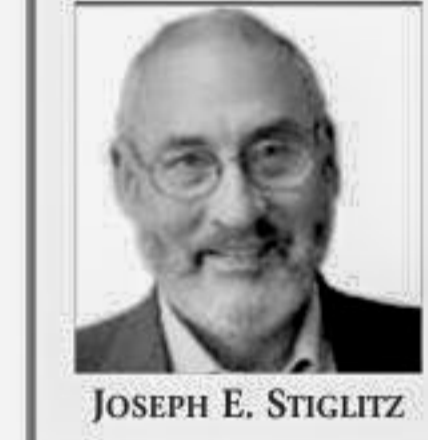
A former family chauffeur was recently suspended from his beloved 'government job'. An ever-smiling and honest simpleton, he had left one of my relative's employ in a hurry to take up this lucrative vacancy, advertised via the (amazingly-efficient) chauffeurs' grapevine. But months later, he returned to his former employer, confused and meek. When asked what had happened, he explained that he had engaged in siphoning fuel and over-invoicing. He had raised ghost-vouchers and made up time-sheet attendance. To us it was unthinkable that this young idealist, who never misplaced a single taka, could be capable of such corruption.

But he quickly explained that it wasn't corruption or theft. It was an apparently known practice; the quintessential perk of a government job, in fact. Why else would he leave a family job and join an office where work-hours were considerably longer? Why else would he pay a commission to his 'agent' (another chauffeur) who arranged the hook-up? Given that multiple beneficiaries took cuts from his 'income' – there was simply no other way to perform his duties. If he didn't pay off the various functionaries of the pilferage-chain, he could be replaced with someone who would.

The above anecdote testifies how deep institutional corruption has permeated into Bangladeshi culture. The three systemic factors that seem to sustain such practices are applicable to a wide range of corrupt practices: (a) individual agenda of recovering initial investments made (bribe paid) while obtaining the job, (b) interdependent systems of organisational rent-sharing that retains only rent-seekers and expels those who refuse to pilfer state resources and (c) the lucrative rent-seeking business surrounding resource allocation, for which point (a) becomes necessary. Variations of these three economic incentives combine to create entrenched systems of institutionalised corruption.

Similar systems exist in public service delivery and procurement. Let's take the most profitable public service: revenue collection. Here we have a function involving direct payments from citizens to state coffers. Yet, the process is often riddled with challenges. Thousands of tax-dodgers evade or trick the system

JOSEPH E. STIGLITZ SERIES



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FOR 200 years, there have been two schools of thought about what determines the distribution of income – and how the economy functions. One, emanating from Adam Smith and nineteenth-century liberal economists, focuses on competitive markets. The other, cognizant of how Smith's brand of liberalism leads to rapid concentration of wealth and income, takes as its starting

point unfettered markets' tendency toward monopoly. It is important to understand both, because our views about government policies and existing inequalities are shaped by which of the two schools of thought one believes provides a better description of reality.

For the nineteenth-century liberals and their latter-day acolytes, because markets are competitive, individuals' returns are related to their social contributions – their "marginal product," in the language of economists. Capitalists are rewarded for saving rather than consuming – for their abstinence, in the words of Nassau Senior, one of my predecessors in the Drummond Professorship of Political Economy at Oxford. Differences in income were then related to their ownership of "assets" – human and financial capital. Scholars of inequality thus focused on the determinants of the distribution of assets, including how they are passed on across generations.

The second school of thought takes as its starting point "power," including the ability to exercise monopoly control or, in labour markets, to assert authority over workers. Scholars in this area have focused on what gives rise to power, how it is maintained and strengthened, and other features that may prevent markets from being competitive. Work on exploitation arising from asymmetries of information is an important example.

In the West in the post-World War II era, the liberal school of thought has dominated. Yet, as inequality has

A Reasonable Vice

with the complicity of errant public officials: the deal is 'pay a large tax to the state or a small bribe to the collector'. Many small taxpayers tell stories of receiving requests to furnish returns and payment slips from the previous decade, or be forced to compensate in other ways. Paying municipal taxes without dishing out something extra for 'tea and biscuits' for collectors is allegedly impossible. It is the same with land tax, where corrupt officials and support staff create barriers to payment, in the hopes of extracting personal benefits. It's not difficult to imagine the extent of corruption plaguing sectors like infrastructure development, business regulation or environmental protection. In all of these cases, individuals forego collective interests in favour of their own.

That the Rana Plaza collapse was brought about by shoddy engineering and flagrant violation of warnings have been widely reported. It is reported that

Bangladesh Bank 'hacking' incident. In a status, Hassan pointed out that within two months of the heist, the Philippines had already conducted public hearings in the senate, activated investigative units, frozen suspected accounts, rounded up a witness from an aircraft and recovered USD10 million from a casino. In contrast, our authorities spent the first month trying to cover up the heist, till international news media broke the story. Even then, few transparent and concrete steps have been taken apart from pointing fingers at the US Federal Reserve or SWIFT. Has a standard operating protocol been set in case of a central bank heist? Have jurisdictions been divided and investigative independence assured? What guarantees have been put in place to ensure that the central bank will not wait two months the next time something like this happens?

In an article about corruption, it would be grievously unfair to point a

BDT 38 crores to its depositors. Five years later, the actual figure was determined to be BDT 2,164 crores, collected from some 267,330 depositors (mostly unemployed young men). Cases were filed and committees were formed – but little was done to criminalise MLMs and protect small investors. So, in 2013, we discovered Destiny Group's top executives embezzling and/or laundering BDT 3,285 crores. That was nearly 2 percent of the national budget. How can our regulators fail so appallingly and so often at the same thing? Was the perpetrators' political clout so great that no example could be made of them? Was the formulation of a comprehensive policy to combat financial crimes too much to expect? See the consequences for yourself: last year, there were reports of at least eight MLM companies still operating in Bangladesh, using a stay order on a government decision (Ittefaq, March-23-2015). We may have to wait some more years for the next 'scam' to unfold; but unfold it will.

Attempting to address corruption, a case-by-case approach is hopeless. Each time laundering or embezzlement of funds in a financial institution results in the scapegoating of mid-level employees – the nexus is left unscathed. Worse yet, the policy and legal void, in which such activities took place, still remains. Resignations hold no value if the next embezzlement is not prevented. And this is where Bangladesh has been failing again and again.

As a nation, we have developed little measure of and against corruption. Year after year, Transparency International (TI) keeps publishing its woeful data. To this, status quo beneficiaries and eager nationalists often respond by attacking TIB, its trustees and their motivations. We must realise that this is infantile for a nation well into its fifth decade of existence.

Corruption – rent-seeking, fraud, laundering, nepotism etc. – is an effective and efficient practice. It is anchored by its economic incentives and its transactional nature. Individuals and groups benefit at the cost of the greater collective (e.g. the country). So, this behaviour needs to be repeatedly discouraged: if that takes dismantling businesses, repossessing assets and a few public floggings, so be it. Fighting corruption means disappointing a lot of its beneficiaries. A strong and popular political leadership, such as the one in power now, has the power to take that strong, if unpopular, stance on corruption.

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41 people were charged in this connection. However, none of the institutional actors have been held to account. How, in the first place, did the builders get a permit to build a commercial building over a pond? How could it be that a commercial space was being used for heavy manufacturing? How were the unsanctioned floors constructed without municipal or building authorities noticing? The need to investigate (domestic) institutional failures was brushed off, in favour of somehow holding RMG buyers responsible. And it is great to see foreign apparel buyers committing to and funding building and fire safety. But where is the domestic action to ensure faulty buildings do not sprout up in other areas? How will factories be stopped from occupying buildings meant for other purposes?

The same point was made by political analyst Zia Hassan on the issue of the

finger at the public sector only. With the proliferation of corporations, owners' direct oversight has been removed, leading to a surge in a variety of rent-seeking behaviours. These range from accepting 'gifts' from vendors to directly appropriating a percentage of agency fees in return for awarding the contract. For example, one film director asked me once – while working on a donor-funded video – what my 'cut' would be. He later explained that it was common practice for advertising managers to claim a percentage from directors' remuneration in exchange for contracting particular directors. Here also we see individuals putting their own interest before that of the employer.

The rapid growth of the Bangladesh economy has also been marred by large-scale financial corruption. Take the case of multi-level marketing or MLMs (essentially Ponzi / Pyramid Schemes): in 2006, the NGO Jubok reported owing

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Monopoly's New Era

widened and concerns about it have grown, the competitive school, viewing individual returns in terms of marginal product, has become increasingly unable to explain how the economy works. So, today, the second school of thought is ascendant.

After all, the large bonuses paid to banks' CEOs as they led their firms to ruin and the economy to the brink of collapse are hard to reconcile with the belief that individuals' pay has anything to do with their social contributions. Of course, historically, the oppression of large groups – slaves, women, and minorities of various types – are obvious instances where inequalities are the result of power relationships, not marginal returns.

In today's economy, many sectors – telecoms, cable TV, digital branches from social media to Internet search, health insurance, pharmaceuticals, agro-business, and many more – cannot be understood through the lens of competition. In these sectors, what competition exists is oligopolistic, not the "pure" competition depicted in textbooks. A few sectors can be defined as "price taking"; firms are so small that they have no effect on market price. Agriculture is the clearest example, but government intervention in the sector is massive, and prices are not set primarily by market forces.

US President Barack Obama's Council of Economic Advisers, led by Jason Furman, has attempted to tally the extent of the increase in market concentration and some of its implications. In most industries, according to the CEA, standard metrics show large – and in some cases, dramatic – increases in market concentration. The top ten banks' share of the deposit market, for example, increased from about 20 percent to 50 percent in just 30 years, from 1980 to 2010.

Some of the increase in market power is the result of changes in technology and economic structure: consider network economies and the growth of locally provided service-sector industries. Some is because firms – Microsoft and drug companies are good examples – have learned better how to erect and maintain entry barriers, often assisted by conservative political forces that

justify lax anti-trust enforcement and the failure to limit market power on the grounds that markets are "naturally" competitive. And some of it reflects the naked abuse and leveraging of market power through the political process: Large banks, for example, lobbied the US Congress to amend or repeal legislation separating commercial banking from other areas of finance.

The consequences are evident in the data, with inequality rising at every level, not only across individuals, but also across firms. The CEA report noted that the "90th percentile firm sees returns on investments in capital that are more than five times the median. This ratio was closer to two just a quarter of a century ago."

Joseph Schumpeter, one of the great economists of the twentieth century, argued that one shouldn't be worried by monopoly power: monopolies would only be temporary. There would be fierce competition for the market and this would replace competition in the market and ensure that prices remained competitive.

My own theoretical work long ago showed the flaws in Schumpeter's analysis, and now empirical results provide strong confirmation. Today's markets are characterised by the persistence of high monopoly profits.

The implications of this are profound. Many of the assumptions about market economies are based on acceptance of the competitive model, with marginal returns commensurate with social contributions. This view has led to hesitancy about official intervention: If markets are fundamentally efficient and fair, there is little that even the best of governments could do to improve matters. But if markets are based on exploitation, the rationale for laissez-faire disappears. Indeed, in that case, the battle against entrenched power is not only a battle for democracy; it is also a battle for efficiency and shared prosperity.

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LETTERS TO THE EDITOR

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Pakistan and genocide

The government of Pakistan has reacted in an absurd, unwanted manner to the hanging of Motiur Rahman Nizami, the war criminal, killer and main organiser of 'Al-Badr' and one of the architects of Bangladesh genocide of 1971. Nizami was not even a Pakistani national. What purpose this futile exercise of Pakistan will serve is beyond any sane person's imagination.

Pakistan is run by unrepentant megalomaniacs. Instead of tendering apologies for the heinous crimes committed in 1971, they have inter-vened in our domestic affairs.

Dr. SN Mamoon
Dhaka

Motorcyclists must obey traffic rules

- A few days ago, I was under the Mohakhali flyover at a traffic signal.
- The traffic police gave us signal to proceed while the traffic from Gulshan-1 road was halted. A motorcycle suddenly came out of the halted traffic right in front of me. I had to brake my car really hard to avoid collision with the bike. Shockingly, the motorcyclist just turned his head to give me a look as if it was my fault. This kind of behaviour has become very common in the city. My question to the DMP is: if my brake had failed and I had run into the bike, who would be at fault?
- Aminur Rahim
- New DOHS, Mohakhali, Dhaka

Think twice

- Indonesia and India have slapped a ban on sending women workers to some Middle-Eastern countries due to the physical torture and mistreatment they often face in these countries. Our women workers are not safe in Middle-East; the sooner the government understands this, the better. We should stop sending women workers to these countries.
- Hashem Miah
- Barisal



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