

BANGLADESH ECONOMY AT A CROSSROADS

Looking for "breakthroughs"



SELIM RAIHAN

Bangladesh economy's impressive growth performance over the past two and half decades has raised hopes about the country's transition towards a middle income country as well as its graduation from the least developed country (LDC) status in the near future. In 1990, in the global ranking of top gross domestic product (GDP) of countries (in PPP, constant 2011 USD), Bangladesh's position was 50th. Impressively, by 2015, Bangladesh could improve its position in this ranking to 31st. According to PricewaterhouseCoopers (PWC) projection, Bangladesh should become the 28th largest economy by 2030 and 23rd largest economy by 2050 (see www.pwc.com).

In the 7th Five Year Plan of Bangladesh, the aim is to achieve 8 percent growth rate in GDP by 2020. The government's other vision documents project for a 9-10 percent growth rate in GDP by 2030. Furthermore, the Sustainable Development Goals (SDGs) put forward a number of stiff economic, social and environmental goals and targets to be achieved by 2030.

During the past two and half decades, the major features which outline the growth and development processes in Bangladesh include both internal and external factors and their interactions. The major internal factors include an overall stable macroeconomy, large expansion of the private sector, robust growth in exports driven by the performance of the readymade garment exports, robust growth in remittances, resilient growth in the agricultural sector, a reasonably stable political situation (albeit with sporadic political conflicts and clashes), some expansion of social protection programmes and wide coverage of the economic and social activities of non-governmental organisations (NGOs). The major external factors include favourable market access in major export destinations, reasonably stable economic conditions in major trading partner countries, stable political relations with neighbouring countries leading to some degree of regional cooperation, and "weak" financial linkages with the global economy which cushioned Bangladesh from the Global Financial Crisis.

The growth and development processes in Bangladesh over the past two and half decades contributed to some important

positive economic and social as well as some structural changes in the economy. Now the fundamental question is whether Bangladesh can achieve the aforementioned statuses with the business as usual growth and development processes. Furthermore, what does it mean for Bangladesh to climb up in the GDP ranking ladder as far as meeting those stiff economic, social and environmental targets are concerned? These concerns are reinforced by the fact that Bangladesh is now facing persistent development challenges such as lack of

All these suggest that the Bangladesh economy is now at a crossroads. The country needs to have important "breakthroughs" in several areas of policy making and institutional processes to achieve the aforementioned ambitious targets:

First, large scale investments are needed in both "broad general" and "sector-specific" infrastructures. Policymakers are so inclined to improvement in the broad general infrastructure, that the developments of critical sector-specific infrastructure are largely overlooked. As a result, many

tax-GDP ratio substantially from its currently poor level of around 10 percent. Bangladesh has one of the lowest tax-GDP ratios in the world. In Bangladesh, a large section of the population (able to pay taxes) as well as a large section of economic activities, are outside of the tax coverage. Also, structural factors such as large informal economy and low literacy have hindered tax collection. Though, the country has undertaken some reforms, they have proved to be less successful due to various institutional weaknesses and vested political patronage.

accelerating private investment, which is much warranted at this moment. Recent banking scams and escalation of non-performing loans show major institutional weakness of the financial sector. Furthermore, mere lowering of the interest rate is not enough for private sector credit expansion. There are numerous other challenges with respect to business environment, which the private sector faces, and these need to be addressed under the broader reform agenda mentioned above.

Fourth, a visible "breakthrough" is indispensable in attracting both domestic and foreign investments. Weak infrastructure, poor business environment and risk of political conflicts are critical problems for Bangladesh to attract both domestic and foreign investments. Few Special Economic Zones (SEZs) need to be geared up very soon for regaining investors' confidence. In this context, a major departure is needed in terms of enhancing the government's institutional efficiency to ensure timely delivery of such projects. Furthermore, there is a need for strong commitments from the political elites in Bangladesh for necessary economic and institutional reforms towards realising the bright prospects of SEZs. Undoubtedly, political stability and avoidance of economic policy reversal can ensure the success of the SEZs.

Fifth, given the growing uncertainty in the global trading regime, Bangladesh has to pursue the south-south trade and economic cooperation agenda more than ever. There is a need for an important "breakthrough" in the mindset of the policy makers in Bangladesh, so that the country is able to be in the driving seat for meaningful trade agreements with leading southern countries.

Finally, an important "breakthrough" is needed with respect to achieving social and environmental targets under the SDGs by 2030, as the business as usual process would in no way help us to get there. We should also understand that mere economic growth (resulting in climbing up in the GDP ranking ladder) is not the sufficient condition for ensuring meaningful social and environmental developments as envisaged in the SDGs. The need for effective economic and social policies and programmes as well as improvement in economic and political institutions is now more than ever.

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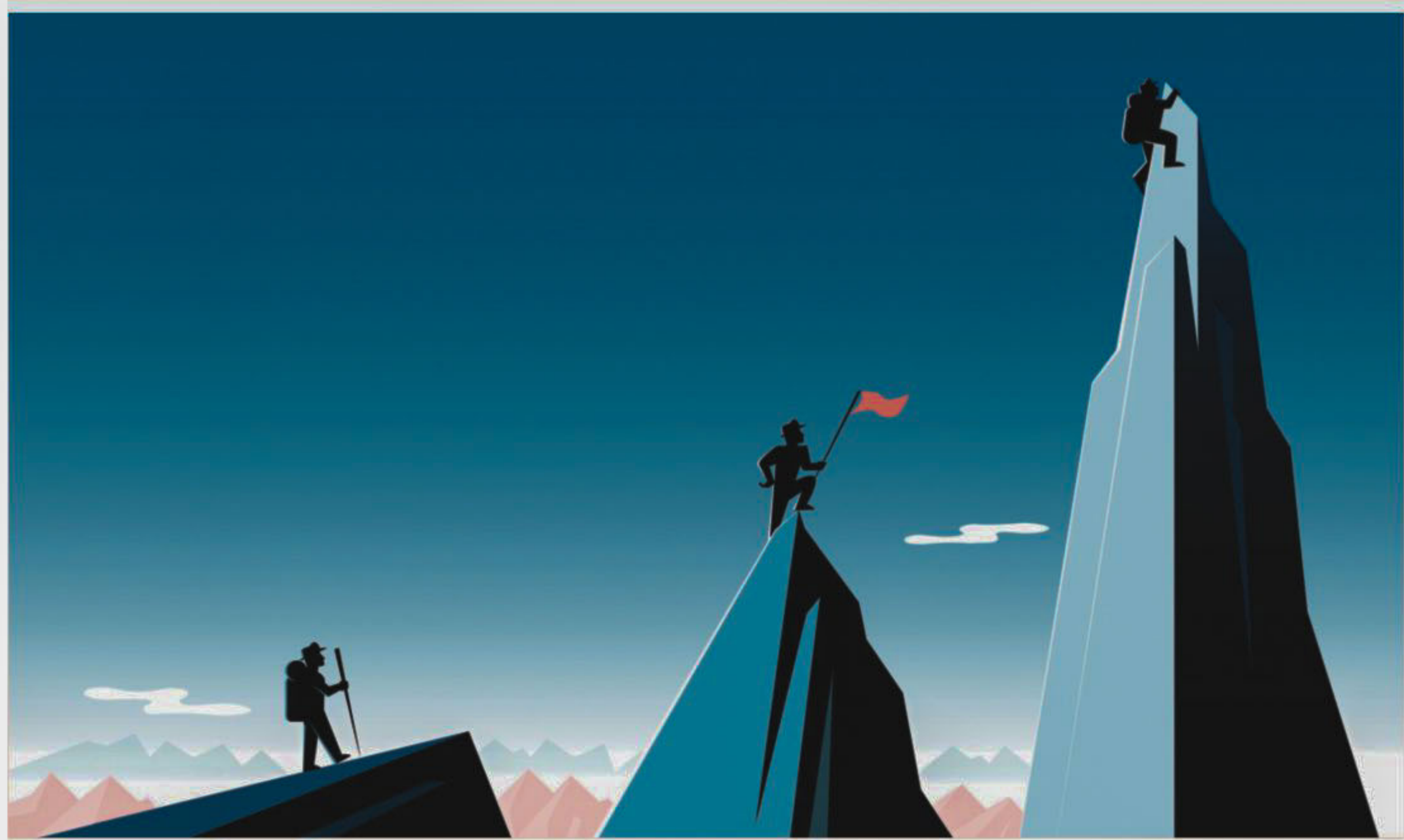


ILLUSTRATION: BY JOHN TOMAS

economic and export diversification, poor physical infrastructure, poor working conditions, low productivity of labour, shortage of skilled workers, a high degree of informality, technological bottlenecks, low tax-GDP ratio, sluggish private investment and very high invisible costs of doing business. Furthermore, the emergence of "new-protectionism", fuelled by Brexit and the recent presidential election in the USA, has posed worrying uncertainty and associated challenges in the global trade regime, which is not conducive for countries like Bangladesh.

potential growth enhancing sectors, critical for economic and export diversification, may fail to enjoy the benefit from the improvement in broad general infrastructure. It is also important to bear in mind that though infrastructural investment is conducive for growth acceleration, bad, poorly planned and delayed infrastructural investment hampers economic growth. Therefore, there is a need for a "breakthrough" in the policy making process for infrastructural investment.

Second, the country needs to improve the

The fiscal policy process, therefore, needs a "breakthrough" where there should be a strong political commitment on simplifying tax systems, strengthening tax administration, and broadening the tax base under a wider reform agenda aiming at improvement in governance and business environment as well as formalisation of the economy.

Third, a major "breakthrough" is needed in the monetary policy too. The monetary policy by the Bangladesh Bank has been, in general, able to maintain a so-called stable status quo; but has failed to generate a big push for

The unethical gift-giving of drug companies



MD SHAMSUL AREFIN

PROFIT and ethics are both important for the sustainability of a business. But if we take the case of pharmaceutical

companies as our point of debate, which we consider a noble business, it has been observed in some cases that a few of these companies take undue advantage of doctors prescribing and promoting drugs which have no brand and time tested reputation. Here, we see profits being prioritised over ethics.

The basic role of a medical representative is to apprise the doctor about his or her company's new drugs. There is nothing wrong in that as long as the ultimate beneficiary of this information is the patient. Unfortunately, there is often a conflict of interest between the patient and the doctor as far as the drug promotion of a less reputed company is concerned.

The interaction of drug companies with doctors in order to promote their medical products through seminars is an acceptable practice in other countries. But interacting with

each doctor individually in public hospitals during their duty time cannot be acceptable. Patients come first, and thus duty time should be reserved for patients.

Drug companies give gifts and other incentives to doctors and other professionals which is a serious breach of code of conduct. But it is also true that there are ethical doctors who continue to prescribe medicines that are most beneficial and economical to their patients despite being under pressure from medical representatives of drug companies.

There have been news reports that medical representatives give gifts such as pens and writing pads with drug names inscribed. Some physicians don't consider it unethical to accept gifts like pen stands, calendars, drug samples, company funded lunches or dinners, etc., where a company's products are visibly mentioned, to influence prescribing behaviour that is morally wrong.

This 'culture of gifts' is forbidden almost everywhere around the world. In Bangladesh, Secretaries to the Government or officers of equivalent status may accept gifts offered abroad or within Bangladesh by institutions or official dignitaries of foreign government of comparable or higher levels, provided that the value of the gift in each case does not exceed Tk

500 (USD 6.5) (Rule 5 of Government Servants (Conduct) Rules, 1979).

In Australia, any gift or gratuity may be considered a bribe under the law. The prohibition against bribing public officials can therefore extend to the provision of gifts, travel expenses, meals and entertainment. In Cambodia, there is no specific limitation on the value of gifts that

In Bangladesh, it is now the need of the hour that the interaction between doctors and drug companies be contained within acceptable boundaries. The real challenge for the medical profession, drug companies and the government is to formulate mutually acceptable guidelines to avoid unethical practices of giving and receiving gifts.

can be given to government officials under the law. However, the law clearly prohibits the giving of gifts of any value for the purposes of corruption. The purpose of the gift given to a government official or professional is more important than the value of the gift. In China, no specific types of gifts or gratuities are considered permissible under the PRC Criminal Law and, theoretically, gifts which may create conflict of

interest constitute a crime. In India, as a general rule, public servants are prohibited from accepting lavish hospitality or frequent hospitality from any individual, industrial or commercial firms, organisations, etc., having or likely to have official dealings with such a public servant. In Indonesia, any gift to a public official must first be approved by the government. Any undisclosed gift is

deemed as an offence. In Japan, the Ethics Act has established gifts register and requires middle and senior level public officials to disclose gifts in excess of 5,000 yen (under USD 50). Japanese statutes do not provide a minimum threshold for a gift. The Ethics Act and the Ethics Code serve as a reference for the gifts and the public service officials cannot receive any kind of entertainment. In Malaysia, any limit in relation to

gratification, given or received, is an offence of corruption. In Myanmar, the Anti-Corruption Law makes no clear articulation of a minimum level which makes gifts acceptable. Any gift or economic benefit could potentially constitute a bribe depending upon the context in which it is given. In New Zealand, the Code of Conduct sets minimum expectations of behaviour for public servants, one of which is that they perform their official duties honestly and do not ask for or accept gifts, rewards or benefits which might compromise their integrity and that of their department and the public service or which might place the public servant under an obligation to another person. In the Philippines, Presidential Decree No. 46 makes it punishable for any public officer to receive, directly or indirectly, and for private persons to give, or offer to give, gifts, presents or other valuables to a public officer during any occasion. In Singapore, all gifts need to be approved by a permanent secretary and only gifts under SGD 50 (USD 40) can be accepted. Any gifts valued at more than SGD 50 (USD 40) can only be kept by the public official if they are donated to a governmental department or independently valued and purchased from the government by that public

official. In South Korea, there is no minimum threshold for a gift that makes it a bribe i.e. any amount of gift received is the violation of the public official bribery provision of the Criminal Code. Gifts cannot be accepted unless they are given in an appropriate occasion or circumstance. In Vietnam, generally the giving or receiving of gifts and hospitality will be deemed a bribe under Vietnamese law if it satisfies all elements of a bribe.

In Bangladesh, it is now the need of the hour that the interaction between doctors and drug companies be contained within acceptable boundaries. The real challenge for the medical profession, drug companies and the government is to formulate mutually acceptable guidelines to avoid unethical practices of giving and receiving gifts. Mushrooming of drug companies is also responsible for this unethical gift practice. Competition between drug companies often compromises the quality of the drug. If the retail price, quality, and generic and generic names of drugs are regulated and standardised by the government, this unethical gift practice of some drug companies can be put in check.

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QUOTABLE Quote

TONI MORRISON
AMERICAN NOVELIST AND EDITOR.

If you can only be tall because somebody is on their knees, then you have a serious problem.

CROSSWORD BY THOMAS JOSEPH

ACROSS

- Moolah
- Polite
- Nick's dog
- Dog
- Some stories
- "Nashville" director
- Threaded fastener
- Makeshift writing surface
- Changes
- Put down
- River crossings
- "The Kiss" sculptor
- Imitating
- Century division
- Listing of priors
- Emulate Mr. Bojangles
- Orchestra member
- Target
- Fortune
- Spheres
- Well-dressed
- "Apollo 13" org.

DOWN

- Trig's cousin
- Indian's home
- Choreography bit
- Gave a hard time
- Writer Carr
- Bisected
- Energy
- tizzy
- Author Deighton
- Complains
- Jam ingredients?
- "M*A*S*H" actor
- Invasion
- Force unit
- Miles off
- "Damn Yankees" role
- Catch
- Bassoon part
- Stop sign, e.g.
- Abbyss
- High-stepping aid
- Rash
- Nick's wife
- City autos
- "Born Free" lion
- Possess
- Arthur of TV
- Stable bit

YESTERDAY'S ANSWER

U	R	A	L	W	A	S	H		
L	O	B	E	S	C	A	T	H	
C	A	R	E	T	O	N	T	A	P
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R	E	D	W	I	N	E	R	O	D
D	E	E	D	S	D	E	W		
D	E	U	C	E					
G	A	S	R	A	F	T	S		
P	O	D	R	E	D	T	A	P	E
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BEETLE BAILEY by Mort Walker

BABY BLUES by Kirkman & Scott