

How can Bangladesh move forward faster?

Bangladesh improves in gender parity index

No room for complacency

IT is heartening to know that Bangladesh progressed significantly—from 72nd to 47th in a tally of 144 countries—in terms of gender parity according to an annual report by World Economic Forum (WEF). After all, it's been awhile since we came across a notable global ranking in which we performed remarkably better than the previous year.

We outperformed our South Asian counterparts by a wide margin, with the second to us in the region, Maldives, ranked 49 steps behind. In addition, Bangladesh secured the third spot among the lower-middle income countries.

But there's a tricky part in the index. Our overall situation looks so excellent largely due to our superficial women empowerment in politics. Despite our prime minister, speaker, opposition leaders, and ministers being women, the genuine empowerment of women across the entire political spectrum remains elusive.

While Bangladesh did better this year in all but one sub-index (health and survival) than the previous year, we barely progressed compared to our ranking in 2006. Except for "political empowerment," we ranked better in 2006 in terms of economic participation and opportunity, educational attainment, and health and survival—that too when the list consisted of fewer countries. In the aforesaid sub-indices, we are currently placed behind the 100th country in the list.

Moreover, the index does not take serious issues like freedom of women, safety and security into account. Therefore, there is no room for complacency. We must continue to strive for greater equality and diminish gender gap in all aspects of our society, and provide women the security that the state and society have not been fully able to give.

Another canal being killed

Why is the administration silent?

AS reported in this paper on November 4, a canal at Lautola Kanchabazar in the Basila area, that used to connect to several other water bodies in Dhaka city and the Turag River, is being rapidly filled up to construct a bus terminal. Our question is twofold: since the DC office did not give permission to fill up the canal who allowed the Bangladesh Inter-district Truck Drivers' Union and Dhaka Inter-district Truck Owners' Association to do so? Secondly, why is the DC office silent when the law is being flouted? What has given the federation of truckers in Bangladesh the power and sense of impunity to flout the rules?

It is understood that the DC office had been asked to find a suitable location for the bus terminal, probably *khas* land, which it failed to do. Does that give truckers' associations *carte blanche* to go ahead and fill up a canal—it is not their property to begin with. Only yesterday, we wrote an editorial on the ludicrous demand of realtors to RAJUK that it should forget about water bodies; that we do not need these for the city, and the encroachment by them should be accepted.

Are the authorities to turn a blind eye to such illicit activity and blatant disregard for law, and allow public land and water bodies to be grabbed? If that is the case, where does it all stop? We can only hope that the administration wakes up from its slumber before we lose the canal completely.

OPEN SKY



BIRU PAKSHA PAUL

BA NGLADESH placed 177th out of 190 countries in the world in the latest Doing Business Index, taking a step back from last year's position. While many of us will

blame it on poor infrastructure and energy deficiency, the main reason is our rusty institutions: bureaucracy, judiciary, police, and public services. The problem goes back to our colonial history, reclusive characteristics, and corrupt attitude towards business. Despite having good intentions, the government is repeatedly trying to reform the bureaucracy the wrong way by appointing retired bureaucrats, not innovators, nor academics or business experts. It reminds us of the other version of economist Nurkse's vicious circle of poverty. The circle persists because we parade the creators of the problems as the new leaders of reforms.

When India stepped up 30 positions from 130 to 100 within a year, staying in

If a defaulter can manage a big loan in less than 5 days, why should it take 5 months for a new business to commence?

the same zone despite talking big is a disgrace. What happened in India in the last one year? It's simple: the political leadership directed the bureaucracy to act in a way the regime wanted to promote India onto the global stage. It is the political leadership in countries like Bhutan and Nepal, where the regimes defined their goals and the public servants forged the relationship with businesses, accordingly, that was vital. Bhutan and Nepal rank much higher than we do: 75 and 105, respectively. If Sri Lanka didn't have a quarter-century long civil-war which ended only 8 years ago, the country would have been placed in a much higher position than its current 111. Even Pakistan—a country which we outperformed in economic growth—ranks 147, making our agony worse. These examples from our neighbours are enough to conclude that we are hiding some perennial defects



If we make a list of top businesses in Bangladesh, we will notice a list of conglomerates, clan-based monarchies, "courageous" defaulters, and "patriotic" money launderers—economists define them as an oligarchy.

repeatedly and sending the patient to the wrong doctors.

Are all our regulators anti-business dinosaurs? Not necessarily, although they lack imagination and courage to conduct reforms lest their positions become shaky. But the main direction must come from the leadership and political will. The story of India is a tale of transformation from the License Raj to deregulation, openness, and a business-friendly market economy approach. In contrast, the ghost of hassling others in the name of being so loyal to regulations still persists in all state-owned agencies. The desk officers seem too busy to progress. And police verification in all cases is a source of rent seeking and repression.

A fresh graduate who doesn't have uncles in high positions needs at least two basic things to start a business: electricity and bank credit. As the data show, both actions take not more than a month in India. Much to our frustration, securing a credit line takes as long as 5 months, while getting electricity takes 6 months, despite numerous claims of success by the relevant policymakers. Isn't this enough to explain why India jumped up 30 places and we are floundering in the quagmire of control and poor performance? If a defaulter can manage a big loan in less than 5 days, why should it take 5 months for a new business to commence? It signals that doing business in Bangladesh is not difficult for everyone. Rather, it is heavenly for the few that are privileged and precariously

painful for fresh entrepreneurs, especially women.

Had doing business been so hard in Bangladesh, the country wouldn't have had 7-plus growth. The super-rich are optimising their objectives of abnormal profit maximisation swimmingly, making it difficult for others and also for foreign investors. This is reflected in the amount of FDI as a share of GDP—it has remained as low as around one percent of GDP since 2009. The government formed the Board of Investment (BOI) which subsequently died (naturally) and re-emerged as Bangladesh Investment Development Board (BIDA). What BIDA has done to improve the score is praiseworthy, but it lacks authority in many areas to make changes. A separate ministry should be made to handle investment in Bangladesh.

Wanting an increase in the number of ministries may not seem palatable in a developing nation. But two politically elected ministers, if appointed to the portfolios of investment and revenue collection, can bring landmark changes in the country's economic fate through employment generation. It should be done even by curtailing two less important ministries if needed. For example, tourism can be placed under the ministry of investment.

If we make a list of top businesses in Bangladesh, we will notice a list of conglomerates, clan-based monarchies, "courageous" defaulters, and "patriotic" money launderers—economists define

them as an oligarchy. While doing business in Bangladesh is fun for them, they have made the task equally restrictive for anyone with better prices. These people are so influential that they can even resist the government's long-promised VAT law. They can twist regulations in their favour. One such latest example was the proposal of more directors from one family and longer years for directors in banks—an attempt to gradually ruin the corporate character in the industry. This is certainly a self-contradiction of the government which is otherwise committed to promoting corporate culture and market competition. Let us build a new Competition Commission in the country.

Let us give a second thought to our position (177). The countries below Bangladesh such as Congo, Chad, Afghanistan, Libya, Yemen, South Sudan, Somalia, and the like are mostly noted as "failed states". They are tormented by war, terrorism, militancy, or civil unrest. If we ignore those outliers, Bangladesh is placed in the lowest rung of the index. And that is unacceptable. Serious reforms directed by the political leadership is essential to save the nation from becoming a nation that is unfriendly towards business, plagued by unhealthy competition, suffering from massive unemployment and facing economic stagnation.

Biru Paksha Paul is associate professor of economics at the State University of New York at Cortland. Email: birupakshapaul@gmail.com

PROJECT SYNDICATE

Has Trump captured the Fed?

BUSINESS & FINANCE



JOSEPH E. STIGLITZ

ONE of the important powers of any US president is to appoint members and heads of the many agencies that are responsible for implementing the country's laws and regulations and, in

many cases, governing the economy. Perhaps no institution is more important in that regard than the Federal Reserve.

In exercising that power, Donald Trump has broken a long-standing pattern, going back almost a half-century, whereby the president reappoints (on a non-partisan basis) the incumbent Fed chair, if he or she has been seen to be doing a good job. Probably no chair has done a better job, in a particularly difficult moment, than Janet Yellen.

Whereas her two immediate predecessors greatly tarnished the Fed's reputation by looking the other way as massive risk was accumulating—and massive fraud occurring—within the financial sector, Yellen restored the Fed's reputation. Her calm and balanced hand nurtured broad consensus among a Federal Reserve Board characterised by divergent economic philosophies, and she navigated the economy through a slow recovery in a period when fiscal policy was unnecessarily constrained, as duplicitous Republicans hyped the dangers of deficits. The Republicans' shallow commitment to fiscal rectitude is now being exposed as they advocate massive tax cuts for corporations and billionaires that will add one and half trillion dollars to the deficit over the next decade.

To be fair, Trump chose a moderate, when many in his party were pushing for an extremist. Trump, never shy about conflicts of interest, has an uncanny ability to embrace economic policies, such as the proposed tax cuts, that benefit him personally. He realised that an extremist would raise interest rates—any real-estate developer's worst nightmare.

Trump broke with precedent in another way: he chose a non-economist. The Fed will face great challenges in the next five years, as it reverts to more normal policies. Higher interest rates could give rise to market turmoil, as asset prices undergo a significant "correction." And many are expecting a major downturn in the next five years; otherwise, the economy would have experienced an almost unheard-of decade-and-a-half expansion. While the Fed's tool kit has been greatly expanded in the last decade, the Fed's low interest rates and huge balance sheet—and the possibly massive increase in debt, should

politicisation, the Fed always faces a problem of "cognitive capture" by Wall Street. That's what happened when Alan Greenspan and Ben Bernanke were in charge. We all know the consequences: the greatest crisis in three quarters of a century, mitigated only by massive government intervention.

Yet, somehow, the Trump administration seems to have forgotten what happened less than a decade ago. How else to explain its efforts to rescind the 2010 Dodd-Frank regulatory reforms, designed to prevent a recurrence? The consensus beyond Wall Street is that Dodd-Frank didn't go far enough.



The Fed, through its control of the money supply, has enormous economic power, and such power can easily be abused for political purposes.

Trump get his tax cuts—would challenge even the best-trained economist.

Most importantly, there has been a bipartisan (and global) effort to depoliticise monetary policy. The Fed, through its control of the money supply, has enormous economic power, and such power can easily be abused for political purposes—say, to generate more jobs in the short run. But lack of confidence in central banks in a world of fiat money (where central banks can create money at will) weakens long-term economic performance, owing partly to fears of inflation.

Even in the absence of direct

Excessive risk taking and predatory behaviour are still real problems, as we are frequently reminded (for example, by reports about the growing volume of subprime auto loans). In one of the more insidious recent instances of malfeasance, bankers at Wells Fargo simply opened accounts on behalf of customers, unbeknownst to them, so that it could collect additional fees.

None of this bothers Trump, of course, who as a businessman has been no stranger to nefarious practices. Fortunately, it appears that Powell recognises the importance of well-

designed financial regulations.

But politicisation of the Fed should be viewed as just another part of Trump's battle against what his former chief strategist, Steve Bannon, has referred to as the "administrative state." That battle, in turn, should be viewed as part of a larger war against the Enlightenment legacy of science, democratic governance, and the rule of law. Upholding that legacy entails employing expertise as needed, and creating, as Edward Stiglitz of Cornell Law School has emphasised, trust in public institutions. A large body of research now supports the idea that societies perform more poorly without such trust.

Every few days, Trump does something to rend the fabric of US society and inflame its already-deep social and partisan divisions. The clear and present danger is that the country is growing so accustomed to Trump's outrages that they now appear "normal." For more than seven decades, America has fought—often fitfully, to be sure—to redeem its stated values, taking on bigotry, fascism, and nativism in all their forms. Now, America's president is a misogynist, racist xenophobe whose policies embody profound contempt for the cause of human rights.

One may approve or disapprove of the Republicans' tax proposals, efforts to "reform" health care (oblivious to the tens of millions who might lose insurance coverage), and commitment to financial deregulation (ignoring the consequences of the 2008 crisis). But, while the Fed may be safe for now, whatever possible economic benefits this agenda could bring pale in comparison to the magnitude of the political and social risks posed by Trump's assaults on America's most cherished institutions and values.

Joseph E Stiglitz, a Nobel laureate in economics, is University Professor at Columbia University and Chief Economist at the Roosevelt Institute. His most recent book is *The Euro: How a Common Currency Threatens the Future of Europe*.

Copyright: Project Syndicate, 2017. www.project-syndicate.org

(Exclusive to The Daily Star)

LETTERS TO THE EDITOR

letters@thedailystar.net

Youth is exercising their choice

Young people often face a major dilemma when choosing courses to study that would lead up to their career after they have passed their HSC examinations. Many parents, for example, want their children to become doctors. The desire to pursue a career in this field is so prevalent as it is not only financially lucrative, but also because it is deemed highly prestigious.

Nowadays, however, creative subjects such as fashion designing, multimedia technology, etc. are getting popularised. Educational institutions are providing courses on a variety of fields, keeping the current trend in mind.

Many subjects that used to be branded as inferior and were often discarded by the majority of people, are now very popular. For a society to function properly, it needs all kinds of professionals, not just doctors or engineers. Therefore, the diverse academic preference of the youth is a good thing for the country's future.

Anika Tasneem, Dhaka

