

STRONG INSTITUTIONS FOR GOOD GOVERNANCE

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Fractured institutions and the absence of an inclusive political system

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Has the state been able to guarantee freedom of thought, liberty of conscience, representative democratic institutions, freedom of assembly and association?

The regressive tax structure is ridden with low base, avoidance and evasion. There is much missing in terms of distributive justice. The narrow tax-GDP ratio provides little scope for increasing the size of the budget, suiting

the size and needs of the population. The government is yet to achieve a statistical regularity—the higher the generation of direct taxes, the higher number of basic services it provides and the more accountable it is to the people.

The expenditure in social sectors like education and health has been increasing in nominal terms. The rate of increase, however, has slowed down in the last several years. In addition, these two sectors have been suffering from insufficient budgetary allocation as well as from the slow rate of implementation of the Annual

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Development programme (ADP). The declaration in allocation is attributed to the diversion of resources to meet the growing payment on account of principal and interest (this has become the largest expenditure item in the revenue budget of the country) and



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rent-accruing subsidies. In the labour market, the opportunity of employment in the formal sector presented a negative growth, leading to more informalisation of employment. There has been high growth in the economically active population (i.e. growing youth labour force), yet the creation of employment has not matched the increasing number of people seeking employment. Moreover, unemployment rate has worsened in the country and the problem of disguised unemployment remains as severe as ever.

The political process in Bangladesh has evolved in a particular direction, corresponding to the characteristics of political activists and the incentive-structure to reproduce the political

system. The particular form of materialist incentives of primitive accumulation of resources through use of power and coercion has led to a system of clientelist political networks in Bangladesh. The clientelist resource-dependent networks, for perpetuating their objective of accumulation of wealth and power, are symbiotically connected at a vertical layer (local, regional, and national) and are intrinsically interlinked at the horizontal level with business, administration, law-enforcing agencies and judicial system. For example, political party leaders employ cadres and *mastaans* (musclemen) to expropriate public resources and loot or deprive soft targets (minorities, indigenous people, opposition, and general people without political affiliation). The police usually

do not arrest the ruling party leaders and cadres for their wrongdoings because they have the political backing. The administration dishes away bounty to, and benefits from, the ruling political ring. The businessmen elect supporters of the ruling party to lead the business associations.

Policymaking in Bangladesh has remained fraught with orthodoxy and lack of creativity despite economic and social progress. These have been further aggravated due to the lessening of the freedom of expression and the government's intolerance towards differing perspectives. A key overriding challenge, thus, remains to develop and enhance productive capacity and provision of public services for a decent living. This would require productive use of technology and infrastructural

facilities. Skills—much beyond the traditional concept of education—and technology are key elements in the future transformative equation. So are the questions of employment creation and reduction in inequality to establish a fairer society. The sufficient condition for achieving those objectives is an inclusive political system.

The ever-increasing hunger for accretion of economic rents wants an exclusive political system to spread all over the horizontal and vertical levels, creating a culture of occupying a position—from member of parliament down to the chairman of the Union Parishad—uncontested or without any competition from opposition political parties. The process of fear and exclusivity has created a sense of low business confidence, which has resulted in depressed investment demand, leading to a lesser creation of jobs. The economic rents also fly out from the country as exhibited through increased capital flight from Bangladesh. The absence of an inclusive political system has also exerted pressures on the institutions, and as a result, the institutions have been degenerating. In order for economic growth and social development to be sustainable, the sufficient condition is a representational public order. Only a democratically accountable system of governance can advance the three core principles of the war of independence. All of these lead to the idea of establishing a new social order between the citizens and the state through a new social contract. Bangladesh's hope sits on pluralism and an inclusive political system can infuse actualisation of its unlimited potentials.

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