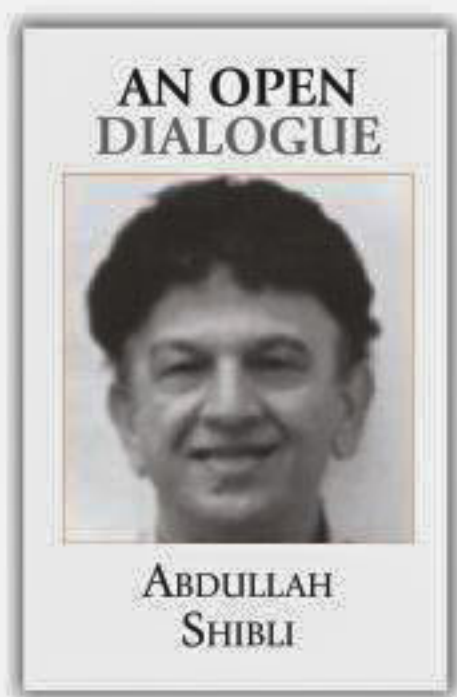


# Are vested interests influencing our economic policies?



AN OPEN DIALOGUE  
ABDULLAH SHIBLI

**I**S Bangladesh heading in the direction where a few at the top control all the levers of power? A story published in this newspaper voices concerns about the harmful effects of influence-peddling at the highest levels of government in Bangladesh. Under the headline "Vested group influences policymaking," the correspondent summarised the findings of a recent report by the Centre for Policy Development (CPD). The issues that the CPD review, entitled "The First 100 Days of the New Government," addresses include the failure of the newly elected government to implement the ruling party's election manifesto, lack of strong initiatives to introduce structural reforms in the economy, and the government's misplaced emphasis on GDP growth rate.

For me, the interesting aspect of this study and the subsequent attention that it received in the media is the pernicious impact of the culture of "mutual back-scratching", which was prevalent even before the general election in 2018. A few of the problem areas identified by the report are a reduction of withholding tax on export earnings, changes in rules affecting non-performing loans which favour the defaulters, and lack of reforms in the banking sector which have been pending for some time. These actions by the government would not have been surprising last year before the national election. After all, incumbents in every corner of the world curry favours with the voters and the contributors before a major election. But what is noticeable now is the lack of commitment to fulfil the pledges made in the election manifesto and the all-pervasive feeling in policy circles that any changes henceforth will benefit only the well-entrenched interests.

There is an old saying in French which translates to "The more things change, the more they remain the same."

For some odd reason, the current environment in the country reminds me of a different time, almost 50 years ago, when I was in high school. I am referring to the sense of entitlement that prevailed among a privileged and powerful elite in the heyday of the erstwhile Pakistani regime. During the last few years before our war of independence, the influence of the 22 families in Pakistan's economic and political life was frequently mentioned not only in newspapers and left-leaning media but also in academic circles. Every time the influence of the 22 families was brought up, it sent shivers. The name of the families who accumulated an enormous amount of wealth and exerted an unhealthy control over the Pakistani government's decision-making apparatus became synonymous with corruption, influence-peddling, and a shadow-government. It would not be an exaggeration to consider our fight for independence as having an overlap with our determination to break the shackles of the 22 families.

What did we learn from the economic history of Pakistan? First of all, a small group of wealthy families or conglomerates often influence policymaking at the top. Secondly, these families or businesses form an oligarchy and put their own interests ahead of those of the nation. Thirdly, the ruling group lose touch with the aspirations of the majority and, as we saw after the elections in 1970, did not shy away from using state power to retain control of their vested interests.

In the context of Bangladesh, one may plausibly ask, how likely is it that a few families or cartels could dominate the affairs of the nation? Well, first of all, there are certain laws of nature and economics that favour large entities or even the formation of monopolistic interests. If the electorate or the representative of the people do not intervene, economic power gets concentrated in a few hands. These behemoths in turn influence

government policy as we have seen in all countries and there is no reason to believe that Bangladesh will be an exception to the rule. Finally, lobbyists and the influence they exercise have valid currency in a modern democracy.

Bangladesh is a market economy and we have already seen signs of the influences of the owners of capital. Do we have reasons to worry? Somewhat, I might say. We already see accounts of corruption, influence-peddling, and the unholy alliance formed by some parliamentarians, bureaucracy, and trade organisations. An end result is that Bangladesh ranks 176th in the World Bank's ease of doing business

According to the afore-mentioned CPD report, a group of powerful vested interests is influencing the government to make policies in its favour. The report cites examples of favouritism exercised by the newly installed government, particularly the reduction of withholding tax on export earnings to 0.25 percent from 0.6 percent, and the various benefits bestowed upon the loan defaulters which are likely to encourage further defaults.

Professor Rashed Al-Mahmud Titumir of Dhaka University raises the alarm in the urgency to address the issue of NPL. In an article in the "Prothom Alo" he writes, evidence

*While we do not expect a handful of "vested interests" to tear up the nation into the haves and the have-nots, we must be on guard to fight income inequality, influence-peddling by the rich and powerful.*



ranking and 149th in Transparency International's Corruption Perceptions Index. If new businesses find it difficult to enter the market, it only benefits the existing firms, according to basic economic principles. If existing companies benefit from the "barriers to entry", they will go the extra length to influence policy and to retain their economic power.

The CPD study reminds us that it is important for the government to work for every citizen regardless of income, race, colour, or religion. Various studies point to the possibility that the rapid economic growth in Bangladesh is benefitting only a few.

proves that "the sorry state of affairs in the banking sector adversely affects the economic growth of the country."

When Dr Mahbub Ul Haq, the then Chief Economist of Pakistan's Planning Commission, raised the spectre of the 22 families in 1968, he foresaw the influence of the richest families and the control they came to exercise on the majority of the industrial, banking, and insurance sectors in the country.

For Bangladesh, while we do not expect a handful of "vested interests" to tear up the nation into the haves and the have-nots, we must be on guard to fight income inequality, influence-peddling by the rich and powerful, and

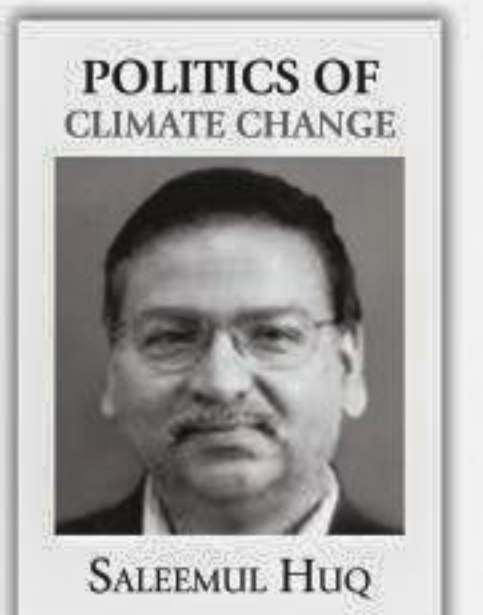
the widespread alienation brought on by disparity.

We know that this concentration of wealth and power have had deleterious effects in many other countries including the US, the so-called champion of democratic values and a free market. During an interview on the forthcoming US presidential elections, Mike Dukakis, a senior member of the Democratic Party (and former presidential candidate), warned his party against complacency. "Most Democrats I know believe that working Americans, their families, should have decent, affordable healthcare. They want an economy that's strong and fair. They don't want to see a small number of people at the top of the pile making huge amounts of money while other folks are stagnating."

The views expressed by Dukakis reveal a commonality of public sentiments in the two countries, USA and Bangladesh. CPD's review suggests that in our country, "A powerful vested group is influencing the government to make policies in its favour. The current government made a political pledge of bringing about a change, but that change has been restrained by those who are beneficiaries of corruption, wastage and mismanagement."

Dr Abdullah Shibli is an economist and works in information technology. He is Senior Research Fellow, International Sustainable Development Institute (ISDI), a think-tank in Boston, USA.

# How Least Developed Countries can become leaders in tackling climate change



POLITICS OF CLIMATE CHANGE  
SALEEMUL HUQ

**T**HE group of Least Developed Countries (LDC) has been negotiating under the United Nations Framework Convention on Climate Change (UNFCCC) for many years and has continuously taken leadership roles at key points. For example, the push for and successful inclusion (against great odds) of the long-term global temperature goal of 1.5 degrees Centigrade in the Paris Agreement in 2015.

As we move towards the UN Secretary General's upcoming Climate Summit in New York in September and the 25th Conference of Parties (COP25) of the UNFCCC to be held in Santiago, Chile in December, the time has again come for the LDC group to take the lead in pushing for greater ambition going forward.

Bhutan is hosting a strategy meeting of senior negotiators from the LDC group in Thimpu this week and I am giving some ideas below for their consideration.

Firstly, the LDC group, both under Bhutan's leadership but also with the prime ministers of Bangladesh and Malawi, who are attending the Global Summit as part of the adaptation and resilience track of the summit, should submit their "offer" and "demands" to the global community. There are three existing initiatives of the LDC group which were initiated under the previous chair of the group, Ethiopia, which can together become their "offer".

The first, and oldest, initiative is to develop Renewable Energy and Energy Efficiency Initiative (REEEI) in LDCs and is already up and running (but still needs more support). The second is called LDC Initiative for Effective Adaptation and Resilience (LIFE-AR) and is identifying actions that individual LDCs are already undertaking and use them as examples for others to follow. This initiative will also need more support but is primarily a South-South initiative.

The third LDC initiative focuses on capacity building through universities and is called the LDC Universities Consortium on Climate Change (LUCCC) and aims to build capacity to support the two other initiatives.

These three LDC-led initiatives can be packaged together to make the 47



The new narrative that should be taken up by the LDC group is to declare that climate change is now a climate emergency.

LDCs into climate resilient countries by 2030, and transform them out of LDC status by 2050.

As every LDC wants to graduate out of LDC status, this can become the strategy at the level of each individual country. As Bangladesh has already

started its journey towards graduation from LDC status—within the next few years—we can offer a helping hand to other LDCs to support them in their efforts to graduate as well.

At the same time, there is another issue that the LDC group has led along

with the Small Island Developing States (SIDS), the African Group of Negotiators (AGN) and the Latin American countries which have joined together to support it, namely loss and damage, where there is an interesting agenda item at COP25 to decide. The LDC group can again work with the other groups to push for funding for loss and damage beyond insurance. This a politically sensitive issue where the developed countries will resist us (they want to confine the discussion to insurance only).

Finally, the new narrative that should be taken up by the LDC group is to declare that climate change is now a climate emergency (as has been well articulated by a 16-year-old school-girl from Sweden). Even though the LDCs have been saying this for a long time without getting much traction, perhaps the decision makers who need to change their decisions will listen to their children. So the LDC group should come out strongly to support school children around the world to treat the problem as a true emergency.

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**QUOTABLE Quote**

**ELEANOR ROOSEVELT**  
(1884- 1962)  
(American political figure, diplomat and activist.)

*A stumbling-block to the pessimist is a stepping-stone to the optimist.*

**CROSSWORD BY THOMAS JOSEPH**

<b>ACROSS</b>	30 Popular aquarium fish	7 Become furious
1 Needing aspirin	32 Quill's target	8 Playing many venues
5 London area	34 Pet perch	10 Tentative inquiry
9 Shoplifter, e.g.	35 Scruffs	12 Disinfectant target
11 Imitative	36 Sheepish	17 Operated
13 Espresso order	38 Organ parts	19 Mideast nation
14 Davis of "Jezebel"	39 Show pain	22 Corridor
15 Tiny worker	40 Lawyer: Abbr.	24 Bed item
16 Crane, e.g.	41 Mature	25 Quick drives
18 Learned sort		26 Target at a party
20 Rhythmic sound	<b>DOWN</b>	27 Campaign pro
21 Mideast nation	1 Heavens supporter	28 Sprint session
22 Towel word	2 Uncertain	30 Unkempt
23 Jostle	3 Win big	31 Alacrity
24 Lobbying org.	4 By now	33 Showed sorrow
25 Reach across	5 Cavalry weapon	37 Through
27 Heaps	6 Oil org.	
29 Snap		

WRITE FOR US. SEND US YOUR OPINION PIECES TO [dsopinion@gmail.com](mailto:dsopinion@gmail.com).

**YESTERDAY'S ANSWER**

B	A	B	E	D	O	M	E	S
E	L	I	T	E	O	V	I	N
L	O	G	A	N	L	A	N	C
W	E	T	R	O	L	L	T	O
O	N	O	R	O	L	L	T	O
T	I	N	T	A	G	S		
D	O	C	E	R	S			
E	R	E	H	I	P	H	O	P
S	O	D	A	P	O	P	A	G
I	N	T	R	O	E	M	I	R
S	T	E	R	D	A	T	E	S
T	O	A	S	T	R	I	S	E

**BEETLE BAILEY** by Mort Walker

OH, GOOD! YOU'RE IN!

BUT YOU'RE OUT!

**BABY BLUES** by Kirkman & Scott

I CAUGHT HAMMIE AND ZOE SNOOPING FOR CHRISTMAS PRESENTS.

OH, YEAH?

IT WAS KIND OF CUTE TO SEE THEM WORKING TOGETHER AS A TEAM.

ON THE OTHER HAND, IF THEY RECRUIT WHEN WE'LL BE OUTNUMBERED.