

## Thus far, no further

by Abdul Bayes.

**B**ANGLADESH'S bright performance in the realm of socio-economic development over the past decades — from a 'basket case' to a 'role model' — has been well documented. But a deep insight into the matrix of performance leads us to lament why the performance could not be brighter and why the country apparently failed to fully utilise its potential.

The recently released book by eminent economist Mohammad Parashuddin attempts to provide an answer. The book titled 'Bangladesh Agrajit: Agarajit Kaminiva' (Steps for the Development Future of Bangladesh), and Bangladesh at 53, deserves due attention on more than one count. First, there is a description of so-called 'dazzling development' but with a critique of the pathways. He reckons that many of the heinous holes must be plugged in before reaching the milestone of 2030, when Bangladesh is expected to be crowned with middle income country status. Second, it contains a seven-year framework of working plan proposals, indicating that these proposals could be considered for purposeful debates in the public domain or within the realm of policymakers and politicians. Mohammad Parashuddin seemingly believed like Harry Truman's 'one-handed economist' and, as Truman desired, there were 'decisions, not discussions'.

In the very outset, the author of the book argues, like many of the scholarly people, I have also, in true faith, identified the unfulfillments, reverse trends, and weaknesses and suggested paths to purify in the journey towards MIC status'. The thin book of only 63 pages (University Press Ltd, March 2024) throws a lot of insights into covering 14 issues of national interest and public



Dr Fayyazuddin speaks with the book, Bangladesh Agrajit: Agarajit Kaminiva, on his shelf in the background.

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welfare, mostly on what has been missing in the journey of our development to date and what is doable ahead. Let us pick up a few of the pertinent issues that are now widely talked about, even in tea stalls.

One is soaring inflation, reaching double-digits over the last few years and hitting a serious blow below the belt of poor and low-income segments of society. The government had been pursuing various policies to face the fire in the market; recently, it went as far as fixing prices to contain inflation. Mohammad Parashuddin firmly believes that infla-

tion cannot be tamed by fixing prices by the government; this may even be counterproductive. Prices should be allowed to be determined by the forces of demand and supply, but the role of the government lies, akin to what Adam Smith held 300 years ago, in ensuring an efficient market mechanism through rigorous and regular monitoring, supervision, developing an accurate database, and most importantly, extending exemplary punishments to hoarders, profiteers, etc., irrespective of political affiliations. A bit more medium- and long-term steps could be the revival of

cooperative movements and strengthening TCB, which constituted important planks of policies during Bangabandhu's administration. Besides, farmers should be facilitated through credit, storage facilities, and all other means so that they can store produce for a better market price and thus free themselves from the clutches of middlemen.

The second most common concern seems to be forex reserves that, allegedly, have dived to historic lows. The author reckons that a unified exchange rate system coupled with incentives for

remittances should be adopted to enhance the stock. Except for those of high-level pure national interest, reserves should not be spent on other projects. The real effective exchange rate should be set in such a way that it stays close to the curb market to avoid incentives coming from the curb market. Second, according to Global Financial Integrity data, the yearly capital flight from Bangladesh amounts to an average of seven billion dollars. 'Why the government is silent and inactive is not understandable,' quipped Parashuddin. Third, the complaint against a former minister for owning 250 houses and 200 million pounds of sterling (worth 1 per cent of total reserves), as exposed by the Bloomberg Report, and other capital flights anchored in safe havens abroad could be brought back with an earnest endeavour to strengthen forex reserves. In fact, the laundered money of an influential person was partly brought back from Singapore, and it could possibly serve as an example. Finally, allegedly, 12 per cent of export earnings are retained abroad, thus adversely affecting the reserve position. The pertinent point to air is that despite exporters reaping various incentives, why should they be allowed to keep such a high amount abroad? Perhaps, only 5 per cent of their export earnings may be allowed at best.

The low tax-to-GDP ratio, even compared to neighbouring countries, is another important concern that dominates discussions with doctors and Bangladeshi economists. Citing Boston Consulting Group, the authors show that if 25 million people with a per capita income of over USD 5,000 could be brought under tax net within the next 7 years without imposing additional taxes, the tax-to-GDP ratio would perk up to 20 and investment to 40 per cent by 2030. It would be easier to collect taxes when people feel that

corruption-free economic expansion is being carried out for the people at large. Second, the highest solvent stands at 89 lakh, of whom only 09 lakh pay taxes; many professionals, including actors and actresses, refrain from paying taxes. Furthermore, losing commercial units under government ownership (such as sugar mills) should be left to the private sector by absorbing the affected ones in other occupations. By and large, raising the tax-to-GDP ratio needs a serious political commitment, and the additional taxes would come from evaded sources. Again, for a corruption-free society, the author of the book suggests setting up a number of commissions overdue for a pretty long time, e.g., banking, price, cartodman, competitive bidding through the internet, cancellation of quick rentals, and taking concerted actions against corruption in WASA, Basic Bank, and other organisations. But, possibly inadvertently, the role of free media in establishing a corruption-free society as well as freedom of speech in contributing to a knowledge society has not been given as much weight as they deserve.

There are many other important socio-economic and political issues, including widened disparity, a two-tier parliament, environmental hazards, health, education, and agriculture, to glance through. The book is strongly recommended for policymakers and politicians who, we tend to believe, would like to turn Bangladesh into a middle income country by 2030. Bangladesh needs to fully utilise its potential by raising revenue, reducing corruption, and raising reserves — thus far, no further.

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