



## Good Governance and Padma Bridge: Can we see the world as it is?

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One of the most profound virtues of Leo Tolstoy's writing is that his principle

characters – be it Natasha in War and Peace or Anna in Anna Karenina – are flawed in construction. Leo Tolstoy defended this position by stating that he wishes to see the world as it is and not make saint out of mere mortals. On the recent development concerning the Padma Bridge, I believe this perspective – of viewing nature, individual, society or even modern day institutions as it is – as flawed, imperfect and in constant need of correction – is what is required at present. Nonetheless, before I indulge further on this point, I want to offer

some background to this subject. More precisely, when I started writing this article, I contemplated whether there is anything new to contribute to the pool of debates that we observe while following the 'Padma Bridge Crisis'. I call this a crisis not because our economy will exhibit acute spatial inequality if we fail to start its construction, but for the sheer amount of intellectual, administrative and political attention and effort that this issue is consuming without producing any tangible result. It is a crisis because we are experiencing a scenario when our intellectual, bureaucratic, and political class is being pushed to a corner from where they have to produce an economically sound strategy that is both politically and administratively feasible. However, this present scenario - where a divided political landscape of a least developing country is expected to undertake such a colossal task - is not only an outcome of our internal failure to address issues concerning governance concretely, but it is also a product of a misguided approach that institutions such as World Bank and IMF have taken in assessing the priorities for developing nations.

To be precise, since the end of 1980s the global development community started realizing that aid or concessional loans on its own are not producing the desired result, and there is need for addressing the 'policy climate' to ensure aid recipient countries can graduate to higher development trajectory. The ideal policy climate was perceived to be set of institutional arrangements that facilitate "the minimum government concept" with an increased emphasis on de-regulation, privatization and increased trade liberalization. This focus on promoting pro-market' reform, however, shifted to the 'good governance' agenda by the mid 1990. This new agenda demands that policy makers exercise power in an effective, transparent and accountable manner. The idea here is to promote a socio-economic arrangement where corruption is minimum, which was identified in many theoretical and empirical studies as a key detriment to economic growth. Nonetheless, in prescribing norms, standards and regulations, it is increasingly realized that capacities of the public bodies, the merit and the ethical standard of the political and bureaucratic class is often not appreciated in a pragmatic manner. While 'zero corruption' and 'absolute transparency and accountability' in implementing aid supported policies remains the 'first best solution', the policy domain within which institutions such as World Bank and IMF function are often not capable of meeting such standards. This brings us to the most imperative question that faces international policy world at present: how do we deal with societies where institutions and political systems are malfunctioning? How do we deal with states where the "first best solution' is not an option? Should we stop all developmental assistance to such nations till

they address their internal constraints?

It must be stated here that there is no easy answer to the mentioned questions. While one cannot expect institutions such as World Bank and IMF to accept corruption and malpractice, given they are allocating resources collected from the tax payers of the developed world, the otYet, societies where corruption has been persistent have been able to bring quantum shift in the living standards of their citizens. Then, the question arises – how do we address these alternate drivers of economic development? More precisely, what are these alternate drivers of economic prosperity? While this remains an important avenue for present day research community to explore, much can be understood from the anecdotal evidence available in the history of economic development. For example, Professor Ha-Joon Chang – a renowned economist at the University of Cambridge – argues that it is essential to draw lessons from the institutional development in the developed countries – where institutions are now argued to be good – when they were ‘developing countries’ themselves. This will allow one to examine if in the early days of economic development, the present day ‘developed countries’ were operating with far less developed institutional structures than those ‘institutional gold standards’ to which today’s developing countries are told to confirm. More importantly, if so, then what exact ‘institutional arrangements’ were available to these ‘present day developed countries’ which aided their subsequent economic journey during the early days of their economic development? This, I have to admit, remains an uncharted area where an academic consensus is yet to be reached. But these are exactly the questions that institutions such as the World Bank and IMF must be paying attention to. Furthermore, any breakthrough in identifying these early drivers of economic prosperity across nations is likely to diminish the prescribed necessity of attaining ‘good governance’ through implanting the whole range of ‘ideal’ set of institutions that have overwhelmed developing countries by demanding costly reforms.

On the whole, the observed development trajectory of many nations demands that ‘good governance mantra’ for development is brought back to the drawing board, so that a more pragmatic revised approach can be adopted for assisting developing countries with immense potential. This ‘revised approach’ must be capable of viewing nations, societies and problems as they are, and use insights from economic history and indigenous institutions to come forward with prudent solutions. Lastly, any new approach must avoid the tendency of producing a ‘mantra’ for economic development, which has almost always failed to meet the

test of time.

her extreme of having the so called 'zero tolerance' on corruption is not a pragmatic trajectory for addressing the acute needs of developing nations. It must be acknowledged here that societies where rule of law and good governance have not been up to the mark - like China and Vietnam - were able to facilitate the rise of millions of people out of severe poverty. This highlights that there are 'other' drivers of economic change which has nothing to do with governance. These drivers can include a state's policy towards the market, the nature of property rights, the quality of energy and physical infrastructure available, the quality of health care and education sector, and the quality of leadership they entertain. Now, one can argue that corruption and bad governance can itself affect the quality of these 'drivers' of economic growth.