

Will higher civil service pay reduce corruption in Bangladesh?

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Around the world, corruption is a persistent drain on public resources. In some countries, it slows services and breeds inefficiency; in others, it erodes institutions and, at its extreme, undermines entire states. Unchecked corruption damages both governance and public trust. In Bangladesh, corruption remains a daily reality. From land administration and policing to utilities and licensing, bribery punctuates many citizen interactions with the state. The Bangladesh Bureau of Statistics' 2025 Citizen Perception Survey found nearly one in three people paid bribes to access public services.

Beyond individual transactions, corruption distorts policy implementation, weakens service delivery, discourages investment, and undermines confidence in the rule of law.

Against this backdrop, debates over civil service pay take on heightened importance. Pay revisions are rarely seen as mere adjustments for living costs; they are signals of state capacity and intent. Higher salaries may attract skilled workers, reduce reliance on illegal income, and encourage professionalism. Economic theory offers cautious support: Better pay increases the costs of losing a job and may discourage misconduct.

Yet, these incentives depend on the surrounding institutions. In Bangladesh, weak enforcement, selective punishment, and extensive discretionary authority mean that higher wages alone are unlikely to deliver cleaner governance — but they remain a critical piece of a broader reform puzzle.

Evidence on whether higher public-sector pay reduces corruption is far from straightforward. Over the past 20 years, researchers have explored this link, and the results suggest it’s not a simple matter of “pay more, get less corruption.” The effects depend on a mix of factors.

For higher wages to really deter corrupt behaviour, officials need to believe they are likely to be caught, punished fairly, and have only limited discretion in their roles.

In Bangladesh, these conditions are often weak. Enforcement is patchy and sometimes seen as selective. Many government positions still give officials wide-ranging authority, and informal networks can erode accountability. In this environment, simply raising salaries may have only a modest impact.

For an official, the decision to engage in corruption comes down to weighing expected gains against expected risks — and higher pay alone may not tip the balance.

Cross-country evidence offers a useful perspective: While better-paid bureaucracies are often observed in less corrupt countries, careful studies suggest that the direct effect of wages on corruption is typically modest. In low-income settings, even large increases in government pay relative to the private sector are associated with only small reductions in corrupt behavior.

Some studies find improvements in administrative efficiency, such as shorter delays, without comparable changes in more serious forms of rent-seeking.

More detailed studies help explain these patterns. In Ghana, a major police pay reform in 2010 nearly doubled officers' incomes, yet both the frequency and size of bribes reportedly increased. In India, wage increases for customs officials in the late 1990s had little effect on bribery at ports.

A particularly striking example comes from China, where repeated civil service pay increases over a decade raised official salaries to more than twice the GDP per capita. Yet corruption did not decline. Instead, the scale of corruption increased, with larger bribes and more high-level cases.

By contrast, Georgia's sharp reduction in police corruption in the mid-2000s followed pay increases that were embedded within sweeping institutional reforms that dismantled old networks and strengthened enforcement. Research on procurement in public hospitals in Buenos Aires shows that higher wages mattered little on their own. Corruption declined sharply only when monitoring improved.

Monitoring itself, however, is not a cure-all. Oversight officials may also face corrupt incentives, and increased scrutiny can sometimes shift rather than eliminate rent-seeking. Even so, evidence suggests that raising the probability of detection can matter.

In an Indonesian experiment conducted by MIT economist Benjamin Olken on village road projects, villages informed that they would certainly be audited experienced corruption declines of about 30 percent. While audits did not always lead to punishment, the deterrent effect was, nonetheless, visible.

The implication is that wages tend to reinforce existing institutional strength rather than compensate for its absence. Paying public servants adequately can support efficiency and may contribute to reducing corruption, but only under particular institutional conditions.

Wages appear to work best as complements to enforcement and accountability, not as substitutes for them.

Revising civil service pay may be justified on grounds of fairness, dignity, recruitment, and administrative efficiency. Whether it also leads to cleaner governance depends on factors that extend well beyond pay scales. Understanding those interactions is essential for informed public debate.

Better pay is welcome — but without institutional reform, it will not deliver the clean governance that citizens rightly expect.

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