The New Nation Independent Daily
Dhaka, Monday, December 12, 2011

Developing a private sector-led industrial base

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ALL economies are divided into two sectors: Private and Public. In reality the major sector of the economy is the private sector. Private sector consists of private individual, entrepreneur, investor, worker, broker, commission agent and their firms and companies etc working under private ownership. Some enterprises, firms, companies and corporations do not belong to any private ownership. These are state-owned enterprises and are called public sector activity. In reality the state owns everything under public sector. Private individuals and entrepreneurs own everything in the private sector. State-owned enterprises do not belong to the private individuals or group of individuals. Government is the caretaker of the state, its interest, safety of its assets and property and state-owned enterprises. We are confused to state that government is the owner of the state-owned enterprises. This is not true. Government is responsible to run the state-owned enterprises, the country, its administration, and law and order, security, and to protect the aggregate interest of the nation.

Macro-economic objective of an economy is to accelerate economic growth as may be measured in terms of Gross Domestic Product (GDP) and Gross National Product (GNP), creation of employment and self-employment, distribution of income and well-being and alleviation of poverty. Economic growth and generation of wealth and assets are the pre-condition of eradication of poverty. Increasing levels of economic growth are necessary for any economy including the developing ones. The expansion of the private sector including micro-, Small-and Medium-sized Enterprise (SME) development is necessary for the aggregate economic development. These are the prime source of job creation. Private sector development includes the development of informal sectors and to get these ready for their conversion to the formal sector. As far as employment is concerned the private sector employs most of the people in the economy seeking jobs. For example, in Bangladesh of about16 crore people, a lot less than 50 lakh people only are employed in the public sector.

About a crore of people are indirectly involved in the activity of garment sector. More than a crore of people are employed in the multi-national and national companies, and firms of the private sector. All it means that employment sector of Bangladesh is basically a private sector. This is true for any other countries under open market open economy.

It is noted that employment is the human's best way to get rid of poverty. Also, to increase a standard of life and living we need to invest in children, their education and skills. Higher employment rate would help us to increase investment in children to brighten their future.

Once again, this is private sector which can employ more people and help us brighten our future. The owners of the firm and company in the private sector is called entrepreneurs. Firms can be of small, medium and large size. Private firm of all size faces several problems, such as property rights and security, corruption, policy problems and limited access to finance and public policies. If we can resolve all these problems, entrepreneurs can raise their income and ability, expand their activities, employ a lot of more people and can help alleviate the poverty.

Consumers would like to purchase the quality goods and services at a reasonable cost. The countries with a successful private sector can provide the production of a large number of goods and services at a reasonable cost and will, in turn, maximise the consumer satisfaction.

The rule of the government is to protect the interest of the state and its people. The government should be as small as possible no matter how big is the country. For example, America is a big country of small government. India is a big country of big government.

Economic development and growth are not the same. Economic growth is a phenomenon of market productivity and rising GDP. Economic development is a policy intervention with an aim of increasing the economic and social well-being of people. In that respect, Kuwat is a country of large economic growth, but is not considered an economically developed country. Economic growth includes the rise of general standard of life and living, health, human capital, competitiveness, environmental safetyness, literacy and other initiative. The economist Amartya Sen points out that economic growth is one aspect of the process of economy development.

From the above discussion it is clear that private and public sectors are both complementary and supplementary. Without one the other is not productive. But the size of private sector should be as large as possible and the size ofpublic sector should be as minimum as possible. In this spirit the public sector will have a role play of little brother providing support, back-up and funding. In other words, government should not behave as a big brother. It is noteworthy that the private sector income finances itself and finances the public sector indirectly through the payment of taxes.

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America has been doing much better than many countries including India. Finally, the policy maker in Bangladesh should think alike the principle of minimum government intervention and maximum production of goods and services through a smooth and efficient operation and expansion of its private sector. Private sector must perform efficiently in their production of goods and services to make them available for the consumer at minimum prices. The government or the public sector must provide all support to the private sector to help maximise the consumer satisfaction.

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