SATURDAY | 7 SEPTEMBER 2013 | DHAKA

daily sun

Flexism theory and private sector

PROF. DR M AZIZUR RAHMAN

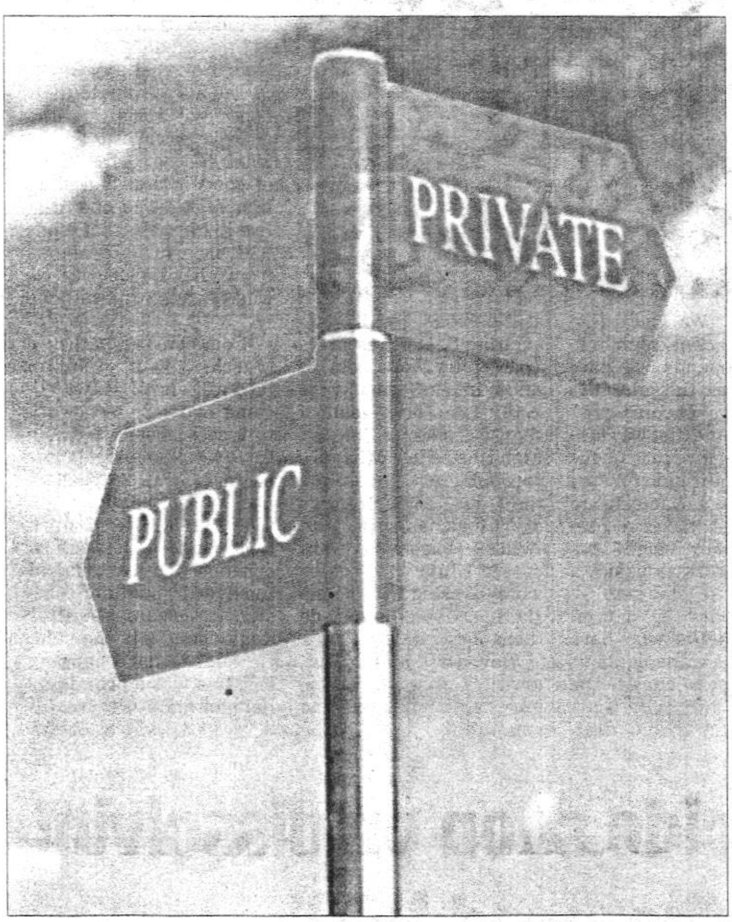
The Flexism theory is conceived with the idea that the economy with larger private sector is more productive and efficient than the economy with larger public sector. For the efficient allocation of resources we can always think of substantially more of the private sector investment. State ownership does not carry a sense of real ownership. Categorically speaking, something belongs to the state means that it does not belong to anybody.

FLEXISM theory is a political economic theory. The theory accommodates all kinds of flexibility and diversity to achieve the objective of maximising the human comfort and benefit in life and living. The economic interpretation of Flexism is:

F : Factor of production
L : Labor factor of production
E : Employment
X : Export
I : Investment
S : Socialism
M : Market economy
'SM' : A mixed econo my of social ism and market economy

Everything cannot belong to private sector. Economic activity that creates positive externality will not belong to the private sector. Because an activity creating positive externality, such as a play ground, will not benefit the private individual. On the other hand, activity creating a negative externally such as the creation of pollution cannot be controlled by the private sector or the private individual. Flexism theory and its flexibility and diversity will allow the public sector management to adequately control the pollution or the related negative activity. To ensure a perfect competition, many activities relating to minimise the market failure will belong to the public sector. Formation of social capital such as the construction of road, bridge, culvert, irrigation, river-flow, land-leveling, water-ways, air-ways — all these social capital and their maintenance will not belong to the private sector. Among others which will not belong to the private sector are: police and general administration, physical infrastructure of public property and their security, state-owned property and asset, national security devices and the communication, telecommunication, wireless, radio, etc. Judiciary, armed force, border force and all kinds of war machineries and devices will not belong to private sector.

Economy can be broadly divided between two sectors namely, private and public. Private sector is run by private individuals or groups. Public sector is controlled by the state. Private sector is associated with private entrepreneurs or private enterprise which works for profit. A privately owned organization belongs to private sector. Private sector agent or agencies do not belong or is not managed by the government.



Flexism theory believes in the joint management by private and public sector. In the private sector, we will be able to see all kinds of private individuals, private working class and the associated private entrepreneurs or private investors. It is the job of the government to collect and maximise its tax and non-tax revenue in Flexism. The government will invest, re-invest its revenue income for the development and construction of social capital and public institution. The formation of the social capital and its investment will build-up roads, bridge and culvert, river and water flow etc. All these will belong to the state. As may be repeated, traditionally many of the service sector including health-care, hospital and the related institution, educational institution and the energy sector including gas and electricity will all belong to the state as the state property. In Flexism theory the government is not a party. Normally we are confused about considering government as a party. The government includes the politically elected ministerial personnel on the top of its administration. Elected and civil servants together are the government or the agents of the state to protect and maintain the state property. The government is an agent to see and protect the interest of the state and its property and asset and their related security.

The Flexism theory is conceived with the idea that the economy with larger private sector is more productive and efficient than the economy with larger public sector. For the efficient allocation of resources we can always think of substantially more of the private sector investment. State ownership does not carry a sense of real ownership. Categorically speaking, something belongs to the state means that it does not belong to anybody. Countries of a large private sector economically do much better than the country with small private sector. Private sectors feed its private individuals and finance public sector and government by paying tax and non-tax fees for the government's revenue income. That is why we say bigger is the government, smaller is the economic development. Smaller is the government, bigger is the economic development.

The writer is Vice-Chancellor, Uttara University.