

SURPRISE OR PARADOX?

- Surprise: excellent outcomes despite the rough initial conditions..
- Paradox: Despite poor governance and corruption..
- Paradox: Despite relatively low public expenditures in **social sectors**..

CONCEPTUALIZING BD DEVELOPMENT DYNAMICS

- Basic foundations laid: 1. Food and GR; 2. Population and fertility decline. Led by GO paid by donors.
- Parallel developments: Labour exports and remittances, and RMG-based industry – enhanced economic strength (Chance)
- Pharmaceuticals (Champion)
- GR stimulated RNF as also micro/macro economy

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- Cross-cutting – the celebrated **social sector** outcomes – both mediating and enabling roles but purposively engendered by NGO, State and donor engagement – historically an opportune moment?).
- Mediating roles: (a) **Policies**; (b) **Markets** (e.g. role of entrepreneurship; infrastructure, mobile phones, fintech)
- With hindsight: we can identify synergies, linkages and connections that combined to deliver excellent development outcomes.

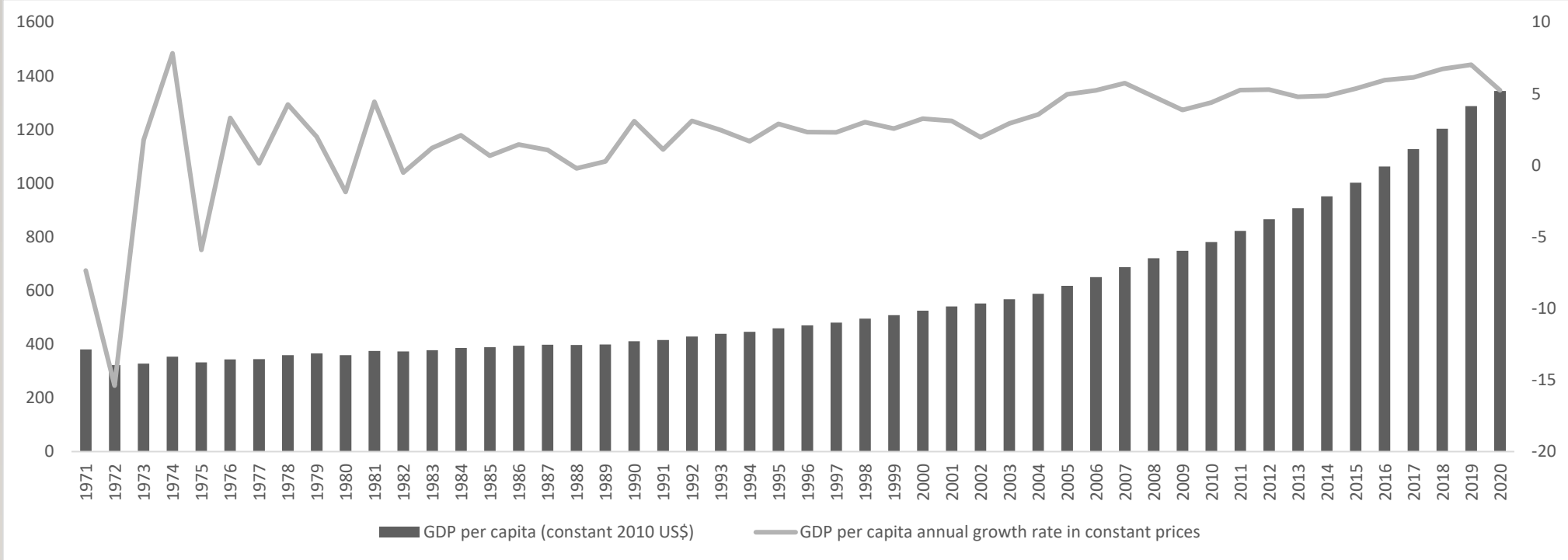
INITIAL CONDITIONS

- As expected: The usual food-famine-poverty story compounded by post-war strife and a shattered infrastructure, extreme resource constraints, refugees, IDPs, etc.
- Power struggles, political instability, assassination of Sheikh Mujib.
- Extreme aid-dependence
- Those related to ideas of development, and ‘structural-institutional’ constraints impeding development (e.g. power structure, patriarchy, Islam, tradition etc).

BIRD'S EYE VIEW

- Became Lower Middle Income Country (LMIC) in 2015; was on track to graduate out of LDC by 2024. All three graduation criteria were met in 2018 (deferred due to covid)
- GDP/capita: \$1626 in 2020; \$463 in 1972 (2015 constant \$ prices). Nominal: \$94.4 - \$1961.
- Ambitious targets set: (a) upper-middle-income country by 2031, and (b) high income country by 2041.

GROWTH



OTHER MACRO INDICATORS

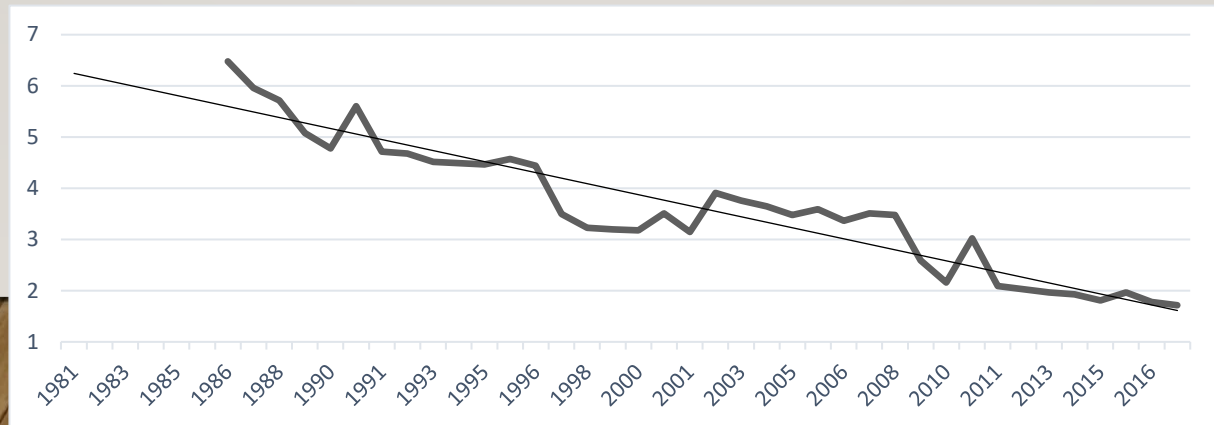
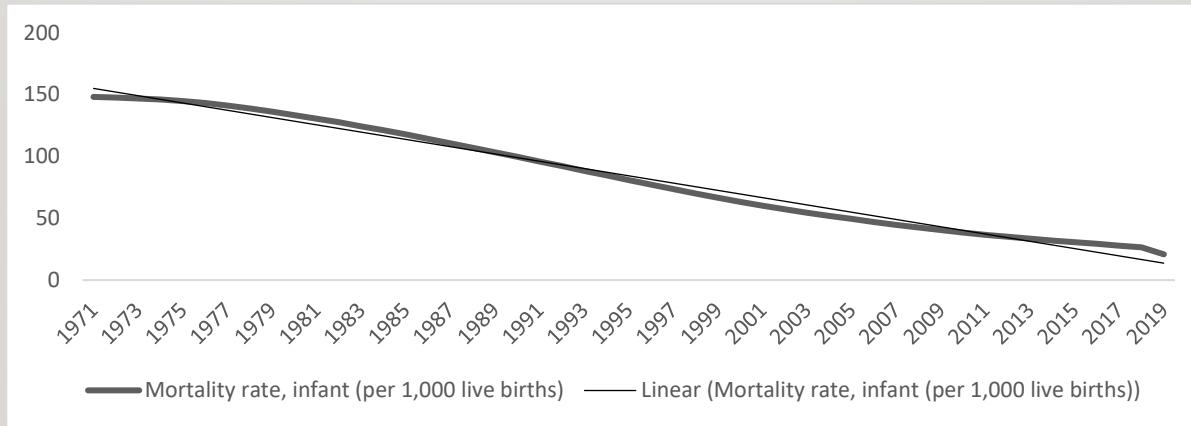
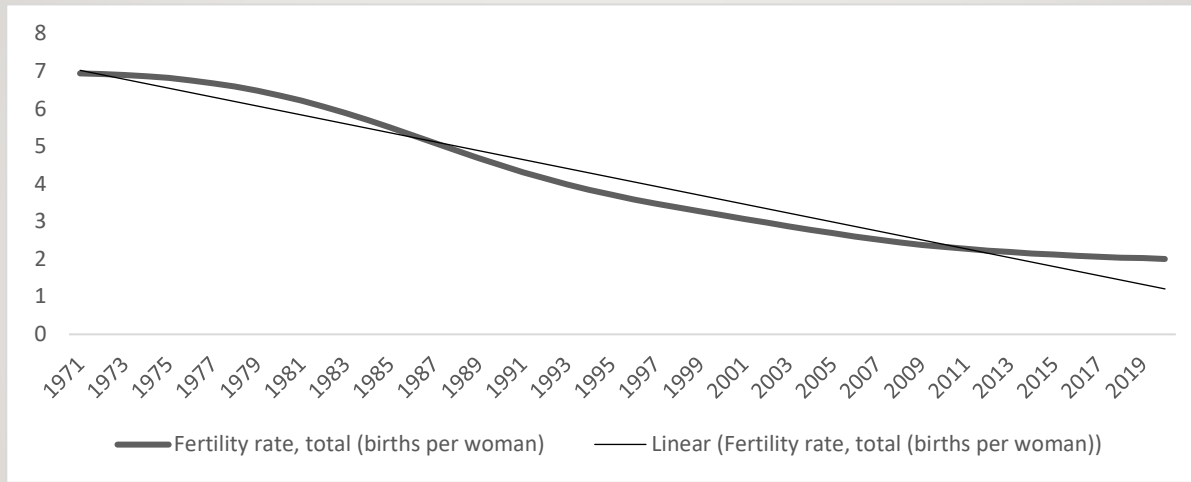
- Domestic savings rose from 2-25% over 1980-2020.
- National savings rose from 8% in 1980 to 35.6% in 2020
- Total investment 31–32 per cent of GDP ; Early 1980s: 10–12 per cent
- Until 1990, public investment same or greater than private; gap between private and public investment steadily widened.
- Early decades: Investment dominated by aid finance (managed by a complex aid architecture)

MACRO-ECONOMIC STABILITY

- 1. BOP position
- 2. Reserves comfortable
- 3. Debt-GDP ratio
- Savings-Investment rates – impressive rise
- Aid dependence reduced
- Growth rate (moderate to high); Inflation (low to moderate)
- Major weakness: Tax-GDP ratio and high NPL

SECTORAL SHARES OF GDP (%)

Indicator	1972	1980	1990	2000	2010	2020(p)
Agriculture	60.1	44.23	37.6	25.03	15.89	13.13
Industry	6.6	15.57	17.16	26.2	27.86	31.13
Service	32.8	40.2	45.24	48.77	56.25	55.86



NUTRITION

Indicators %	1985	2000	2011	2018
Prevalence of stunting among children under 5 years (0–59 months)	70.9	51	41	31
Prevalence of underweight among children under 5 years (0–59 months)	66.8	42.2	36	22
Prevalence of wasting among children under 5 years (0–59 months)	17.3	12.5	16	8
Prevalence of anaemia among children (6–59 months)	-	62.2	51	40.26 (2016)
Prevalence of anaemia among women of reproductive age (15–49 years)	-	48.1	40.8	39.89 (2016)
Prevalence of low birthweight (less than 2.5 kilograms) (of children whose birthweights are known)	-	-	36	27.8 (2015)
Trends in nutritional status of women	-	45.4	24	-

Table 1.7 Bangladesh: School enrolment trends

SCHOOL ENROLMENT

	Primary			Secondary*			Tertiary		
Year	(% gross)	Male (% gross)	Female (% gross)	(% gross)	Male (% gross)	Female (% gross)	(% gross)	Male (% gross)	Female (% gross)
1970	56.27	36.78	75.01	20.76	30.49	10.73	2.13	3.76	0.43
1975	79.98	103.41	55.55	17.82	26.33	8.91	2.79	4.84	0.71
1980	70.61	86.97	53.45	18.46	27.73	8.96	3.19	5.43	0.9
1990	81.05	87.82	74.01	20.40	26.84	13.69	4.09	6.78	1.32
2000	-	-	-	48.11	47.44	48.81	5.45	7.27	3.57
2005	98.66	96.46	100.95	45.52	44.10	47.00	6.24	8.15	4.25
2010	102.66	99.58	105.86	50.12	47.27	53.08	13.28	15.66	10.86
2015	120.43	115.96	125.09	63.52	59.80	67.42	13.44	15.43	11.39
	109.49	106.15	113.20	72.56	67.01	78.28	24.02	27.87	20.02

GENDER

Indicator	1995	2000	2005	2010	2015	2017
Gender Development Index (GDI)	0.698	0.753	0.791	0.843	0.879	0.881
Gender Inequality Index (GII)	0.710	0.680	0.634	0.586	0.547	0.542
Human Development Index (HDI), female	0.335	0.388	0.431	0.488	0.554	0.567

POVERTY – SHARP DROP ESPECIALLY EXT POV

	Moderate Poverty			Extreme Poverty		
	Rural	Urban	National	Rural	Urban	National
1991–92	58.7	42.7	56.6	43.7	23.6	41.0
1995–96	54.5	27.8	50.1	39.4	13.7	35.1
2000	52.3	35.2	48.9	37.9	20.0	34.3
2005	43.8	28.4	40.0	28.6	14.6	25.1
2010	35.2	21.3	31.5	21.1	7.7	17.6
2016	26.7	19.3	24.5	15.0	8.0	13.0

POVERTY..

- Trickle down to Safety nets (eg Lipton and Longhurst, 1989)
- The hope that numerous NGOs in grassroots development in education, health, awareness building, basic technical skills for poultry and homestead agriculture or family planning, water sanitation and, of course, microcredit would yield a battery of tested, effective, anti-poverty tools.
- Both policies and interventions proved effective (trickle down+interventions+policies like Structural Adj) – broad **growth!**

INEQUALITY

Period	Income Gini	Consumption Gini	Gap (income–consumption)
1973–74	0.36	-	-
1981–82	0.39	-	-
1991–92	0.39	0.26	.13
1995–96	0.43	0.31	.12
2000	0.45	0.33	.12
2005	0.47	0.33	.14
2010	0.44	0.30	.14

SUMMING UP: BEV

- BD transformation: interplay of markets, micro-institutions, technology, policies, and innovations, driven by the complex engagement of the State, NGOs, donors, and the private sector.
- For lessons – need to explore sectors/topics at some depth.
- Note: Avoided discussing democracy, governance.

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- Each sector has its own story and its own lessons learnt – including rise of a new capitalist class, a new middle class, non-RMG Industrialization, SEZ, and the adoption of the East Asian model which I argue has enabled BD to join up the Flying Geese Flock after Vietnam.
- Emergence of a new political economy – as rich farmers now displaced by big capital (crony?)
- Many transitions and shifts – GR, RMG-industrialization, RNF and blue revolution, remittances, urbanization, sustained growth that pushed BD out from LIC to LMIC, and least developed towards developing country status (almost).

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- Most crucial development challenge is to create SPACE for ordinary people/women so that they can respond to opportunities and interventions. These spaces are not just physical but socio-economic. These spaces need to be unfettered, supportive, and friendly.
- These spaces were either created deliberately (NGO grassroots bodies) or arose due to historical changes that occurred after 1947 and 1971.
- Future? FGP and East Asian model? OR Crony?
- REF: Murshid, K A S (2022) Revisiting the Odds: The Political Economy of the Development of Bangladesh, Cambridge University Press,

GREEN REVOLUTION IN RICE WAS CENTRAL

- Strong sense of food instability for much of the early decades requiring large public food reserves and sufficient foreign exchange should sudden imports become necessary.
- Rice production increased at a rate of about 3 percent until 2010; *boro* (winter) rice grew at over 6.0 per cent.
- **GR technology, modern irrigation**, structural adjustments, and **Market Reforms** of the 1990s, and access to key inputs like spares, diesel, fertilizers and seeds.

GR:THREE HARD DECADES

- 1960s – Early promise from the Comilla Model experiments with IR-8 using surface water pumps
- Challenge of scaling up in the following decades
- Large scale irrigation based on gravity flow: Public sector agencies entrusted with task (BADC, WAPDA)
- Governance and management issues, cost recovery, high cost, O&M, skills..) and irregular surface water availability. Struggle not abandoned..

FROM SURFACE WATER TO GROUNDWATER..

- BADC/WAPDA began exploring groundwater: 'deep tube wells' deployed with command areas of 100 acres. DTW operations much smaller than surface water-based gravity systems.
- DTWs also proved operationally difficult: elite capture, inappropriate technology, high cost of fuel and maintenance.; needed excessive subsidies; experienced debilitating conflicts).
- DTWs were colossal failures, just like the large-scale irrigation and drainage systems earlier – restricted use in some areas

TECHNOLOGY, MARKETS

- Introduction of STW and LLP with donor support: Smaller command areas, easy to install, flexible, cost effective, easy to manage - ideal for BD conditions – rapid rise in coverage 1980s-90s.
- Liberalization (1990s) led to flood of cheap imports of irrigation machines and relaxation of certain standards (equipment specification, fielding/installation rules).
- The input market story ran in parallel: distribution of chemical fertilizers – a chequered history of pro-market reforms including policy reversals due to crises, need for subsidies, unstable prices.

CONTD..

- With hindsight GR sounds simple? At the time led to agonizing debates: adoption behaviour, farmer rationality, profitability and, of course, distributional consequences.
- BADC spent years trying to set up the input supply–distribution system to reach farmers with the new inputs. It took many years to come to the conclusion that it is best to leave such things to the market. Reforms tried, reversed and finally reached a kind of equilibrium. Problems: delivering subsidy and ensuring quality.

REFORMS..

Item	Policy Action	Period	Remarks
	Fertilizer		
1	BADC withdrew from retail and wholesale markets at <i>thana</i> * level	1978–83	
2	Licensing requirement to sell fertilizer abolished	1982–83	
3	Deregulation of fertilizer price	1982–84	Real competition introduced
4	Private traders allowed to purchase directly from factory gate or port	1987	Strong response
5	Direct fertilizer imports opened up to private traders	1992	Good response
6	Suffered fertilizer supply crisis causing partial reversal of some policies	1994–95	

REFORMS..

	<i>Irrigation Equipment</i>		
1	BADC started sales of irrigation machines to individual and groups backed by credit support	1980–85	Good response
2	Import liberalization for irrigation equipment and standardization restrictions	1987–88	Drastic price reduction
	<i>Other: Power Tillers, Pesticides, Seeds</i>		
1	Import and standardization restrictions on power tillers lifted	1989	Modest response
2	Imports of power tillers or tractors made duty free and backed by credit support	1995	Vigorous response
3	Pesticide restrictions to specific brands removed and imports opened up	1989	Modest response
4	Private sector allowed to import certified hybrid seeds	1998–99	

LESSONS FROM GR

- **History** – V-AID in 1950s and Comilla Model in 1960s – both failed but generated important lessons or 'ideas of development'.
- **Irrigation**: Appropriate technology commensurate with land tenure, managerial and governance capacity – learning from expensive mistakes!
- **Reforms** in input markets (Fertilisers)
- Trade **liberalization**

SOCIAL SECTOR DYNAMICS

- ~~Tripartite approach and targeted interventions~~
(NGO, donor, GO)
- Deep intellectual debt to earlier 'failed' interventions like V-AID and CM ('ideas of devt').
- Community based organizations
- Microcredit and Savings groups as entry points

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- NGOS initially deeply influenced by ‘Village Studies’ -
Conscientization phase involved making the poor aware of exploitation by large farmers – especially highlighted by foreign ‘left-liberal’ academics – thwarted by donors and government – a blind alley. Moved away or had to move away! Analysis too problematic?
- The rise of Samiti and micro-credit – a ‘NGO Model’ was created with savings and credit as entry points

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- NGO revolution: transformed institutional landscape - basis upon which successful social intermediation were anchored, allowing synergies to be captured across micro-interventions, including micro-credit, micro-enterprises, savings, health, education, gender and fertility behaviour.
- Interventions in rural health, family planning and education worked very well (e.g. PHC, WASH, ORT, fertility decline, school stipend programs, non-formal education).

LESSONS FROM SOCIAL SECTOR HISTORY?

- Personality and leadership/social innovation was crucial
- Space given by State and money by donors
- Ideas of development further leveraged and evolved
- ‘Sensitive’ (ie radical narratives were struck down and ‘conscientization NGOs disappeared)
- Grassroots institutions emerged (Samiti) – a powerful new vehicle that can support interventions from below.
- Academia did not contribute very much – indeed it frequently misled.
- Tradition, Islam, power structure and patriarchy – wasn’t that strong!

INDUSTRIALIZATION: RMG – THE STYLIZED FACTS

- 1970s: Advanced (importing) countries increasingly worried about low-cost clothes from East Asia.
- MFA 1974: quotas imposed to curb low-cost RMG imports from Asia
- Opportunity created for countries like BD

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- Enter the Hero-Actor (Noorul Quader Khan)
 - State commitment/facilitation (SBW, DDS, B2BLC, cash incentives, interest rates, “priority”)
 - Female labour – massive response

NON-RMG: PROMISING DEVELOPMENTS

- RMG created the financial, physical, knowledge infrastructure; also skilled labour.
- MAC: robust domestic demand.
- Analysis suggests FGP-type model could be a good predictor of path ahead: HO phase to heavy industry to Schumpeterian phase.
- No single lead goose as in classical FGP although South Korea has been important.

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- New opportunities as China withdraws from various sectors especially leather
 - Investment in chemicals, automobiles good sign – image problem fixed? Positive vibes.
 - SEZ: promising on the back of Export zones.
 - Like RMG - will need State backing to reap dynamic comparative advantage around

CONCLUSION

- Each sector has its own story and its own lessons learnt – including rise of a new capitalist class, a new middle class, education and gender, and the adoption of the East Asian model to take off to join up with the Flying Geese after Vietnam.
- Key role of capitalist class, MAC – emergence of a new political economy
- Many transitions and shifts – GR, RMG-industrialization, RNF and blue revolution, remittances, urbanization, sustained growth that pushed BD out from LIC to LMIC, and least developed towards developing country status (almost).
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