[**The Bangladesh story**](https://www.dawn.com/news/1664104/the-bangladesh-story)

[Ishrat Husain](https://www.dawn.com/authors/274/ishrat-husain)Published December 16, 2021 - Updated a day ago

The writer has served in Patuakhali, Chittagong and Dhaka and speaks Bengali.

BANGLADESH is celebrating its 50th anniversary. Once called a “basket case” by Henry Kissinger, it is now considered as a role model. Bangladesh’s national income has multiplied 50 times, per capita income 25 times (higher than India’s and Pakistan’s), and food production four times. Population growth was contained at 2.5 times, raising per capita food availability. Exports have grown 100 times and poverty is down to 20 per cent from 60pc in 1990. Life expectancy has risen to 72. Most social indicators are better compared to regional countries except Sri Lanka. The value of the Human Development Index increased 60pc.

Most of the progress has been achieved in the last three decades as the first two experienced anaemic growth and political turmoil. To put their progress in perspective, Pakistan’s per capita income in 1990 was twice as much as Bangladesh’s but has fallen today to only seven-tenth. Between 2011 and 2019, before Covid struck, Bangladesh’s average GDP growth ranged between 7pc and 8pc — almost twice as fast as Pakistan’s.

The Bangladesh story is an attractive one. How can a country so vulnerable to natural calamities outperform its much larger, better-endowed neighbours — India and Pakistan — in most socioeconomic indicators? Bangladesh went through difficult times, setting up a new administration, rehabilitating displaced persons, dealing with the assassination of its founder and top political leadership and several aborted and successful military coups. The military remained in power until 1991 when Gen Ershad decided to restore parliamentary democracy (there was a brief interruption in 2007 when a caretaker government ruled for two years).

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The two major political parties, Sheikh Hasina’s Awami League and Khaleda Zia’s BNP, have alternated in power since 1991. Since 2009, the Awami League has ruled, having won three consecutive elections. The Battle of the Begums has remained intense and bitter. Khaleda Zia boycotted the elections and has [remained in jail](https://www.dawn.com/news/1660838) for quite some time along with many of her party stalwarts. Hence, it is interesting to examine how the country could make substantial economic and social headway with such fierce political rivalry and perceived instability.

Despite bitter political rivalries, Bangladesh has been able to forge ahead. How did this happen?

First, unlike India and Pakistan, Bangladesh is culturally homogenous with the same language, ethnicity and a shared history and practically no religious, sectarian, tribal and feudal divisions. There is a rural-urban divide but rapid development has ensured that the level of general dissatisfaction is low. The pursuit of doing better has become a strong societal ethos. Bangladesh also doesn’t face any serious external threats.

Second, the unitary form of government, without the intervening tiers of state and provinces, has conferred full control of administrative, political, legal and financial powers upon the central government, minimising the frictions inherent in multi-tier government structures. Policy and its execution follow a well-defined chain of command. Given a weak opposition and strong leadership at the top (sometimes criticised as quasi or semi-authoritarian), the winning party calls the shots, reinforcing execution capabilities and holding bureaucrats accountable.

Third, women empowerment prevailed even before 1971 but the continued campaign for family planning, female education, health services and microcredit at all levels was carried out vigorously by successive governments with the active involvement of NGOS. BRAC, Grameen, ASA, etc have played a pivotal role in spreading education and health facilities and providing women access to microcredit. Aware of its own shortcomings, the government has extended full support to civil society organisations and allowed NGOs to operate freely. Educated, healthy women with fewer and well-spaced children and with access to financial resources have raised female labour participation rates and reduced the gender gap. Female primary enrolment ratio is 105pc.

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Fourth, despite bitter political rivalries, there has been a continuity in economic policies, projects and programmes. The parties did not deviate from the basic anchors — macroeconomic stability, fiscal prudence, openness to trade, incentivising the private sector and commitment to social development. Policy irreversibility has shown that a change of government would have no abrupt dislocation that could adversely affect investor and market sentiment, allowing investors to pursue their plans uninterrupted, leading to economic gains over time.

Fifth, Bangladesh’s efforts to liberalise trade, open its economy, bring in foreign technical know-how and provide generous cash and non-cash incentives to exporters have borne fruit. The spectacular performance, just behind China’s, of readymade garment exports have brought beneficial second order effects. Most global brands have outsourced their production to export houses in Bangladesh. Female employment in the industry has enhanced women’s social status and power relations within the family. Entrepreneurship has entered the lexicon of aspiring young people. Outward orientation has improved work practices. Demand for higher education and skills is rising.

Sixth, sustained high growth was made possible only when both domestic savings and investment rates doubled from 15pc to 30pc. Given this huge infusion of private capital into the production sectors and public expenditure into infrastructure, with higher schooling of the labour force, the gains from accelerated growth were broad-based. The rising aggregate demand also spilled over into higher imports but these were financed by expanding exports and remittances and therefore the current account deficit remained manageable.

The lessons we can learn are many. The leadership of the two parties was convinced that, rather than confining patronage to a narrow elite class, maximising long-term growth generated greater political dividends. Elections were contested on the basis of performance, popularity and the parties’ record rather than a candidate’s personal standing. A symbiotic relationship between the private sector, politicians and bureaucrats brought about a stable equilibrium. Politicians received money from businesses for their election campaigns, bureaucrats supplemented their low salaries with gifts and payoffs while businessmen expanded their businesses at the expense of labour and the environment. But they did not take the money abroad.

Tax-to-GDP ratio has remained 8pc to 9pc. The underlying philosophy seems to be that the multiplier effect of a marginal dollar in the hands of a private businessman is higher than that in the public sector. Consequently, the government has to exercise prudence in fiscal management. The deficits remained a low 5pc and thus public debt ratios declined due to primary surpluses. Macroeconomic stability, policy continuity, export promotion, investment in human capital (particularly females) and public and private sectors working together are the ingredients of this success story.

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