

The 'Bangladesh paradox'

IN OTHER WORDS



AMITAVA KAR

DESPITE the so-called bad governance, how has the economy of Bangladesh been growing at rates higher than those of most South Asian countries? Is this a black box whose mysteries cannot be known? Is this really a 'paradox' or 'development surprise' as

perceived by some economists at the World Bank? Is it possible to have the economy growing for an indefinite period of time despite a "governance deficit"? Can development and even progress come about in the absence of contested democracy and transparent and accountable institutions?

These are some of the questions that were analysed, dissected and inspected by a group of scholars and academicians at a workshop titled 'Politics and Development, Democracy and Growth: Bangladesh and Beyond' by BRAC Institute of Governance and Development and Effective States and Inclusive Development on February 16 at the BRAC Centre Inn. Dr Mirza M Hassan, a political economist and an Adjunct Fellow at BIGD said, "The growth of the economy is a mystery to the economists of the World Bank because they are thinking in terms of liberal democracy and good governance where rule of law is ensured. But Bangladesh does not run on law, it runs on deals both open and closed. In some domains of the economy such as the RMG and the banking sectors deals are open while in the power sector and the transport sector deals are closed. The economy has been operating on ordered deals since 1975. The deals are ordered as opposed to disordered because the deal makers honour them once they are made. That is the explanation for Bangladesh's growth despite the so-called bad governance."

What seems to be the snag then as long as the economy keeps growing? The trouble, of course, is that rules are permanent while deals are not. "When you have a rule it is for everyone, and when you enforce it, it becomes a public good. It is permanent and has a universal application. But deals—we call it one shot games—benefit individuals or groups and not everyone," Dr Mirza said.

Hossain Zillur Rahman, economist and former policymaker, identified personal initiatives as the engine of growth. "Our society and socio-economic process is more initiative driven than



SOURCE: TAMTECHNOLOGIES

policy driven," he said. "Many of the new frontiers of the economy such as micro credit and solar energy were opened not through deals but through initiatives. And this strength still remains. In spite of an imbalance in the administration, the shrinking space of political dissent, and an increased level of surveillance, the initiative space has not been closed off and it cannot be closed off. And the political dominant party ambition does not necessarily require closing off that initiative space. That's why Bangladesh will continue to have 5 to 6 percent growth, not because there is elite settlement but because the initiative space within the society remains alive."

Simeen Mahmud of BRAC Institute of Governance and Development (BIGD) said that gains in the healthcare system, despite having considerable inefficiency and inadequate resource allocation, have been possible due to the pluralistic mechanism with multiple stakeholders, featuring partnerships between government agencies and NGOs and community based approaches to deliver innovative low cost solutions.

Sohela Nazneen of the Institute of Development Studies at the University of Sussex pointed out to the paradox of securing gender inclusive

development outcomes in Bangladesh. Despite a long history of women's movements to achieve progressive changes, and women having risen to the highest office in the executive branch, the opposition and the legislature, the issue of gender equity has little currency in mainstream politics.

Hossain Zillur Rahman asked if we should reexamine how success should be measured. "For example, the many successes in the healthcare sector such as immunisation have come from stand alone programmes. We did not go for a system reform. And how do we approach education? Is it a sequential issue? Do we focus on numbers first and then assume that quality will come later? There has been GPA inflation over the years. But students who score GPA 5 are failing at the university entrance exams. This is the consequence of a certain kind of signal created by political actors."

In the backdrop of all these different views and opinions expressed was the issue of dominant party settlement. Hossain Zillur Rahman said, "Dominant one party system is a one sentence characterisation. It does not give us too many answers if you are looking for a direction for the future. China is an authoritarian regime but in terms of governance it is very different from other

authoritarian governments like Myanmar's. How is that dominance being created elsewhere? In order to understand it we have to start looking at the realities of the governance structure. In some places, for example, law enforcement agencies within the structure of the district administration now have a much higher political capacity and power than the bureaucrats and other service agencies. You have an altered balance of administrative power. That's the new normal. And the second leg of this new normal is that the contested part is not only being eroded in the political sphere but also in the social and economic spheres. Forget contested political elections, some places do not even have contested sectoral and professional body elections anymore."

Rehman Sobhan said that the political reality in Bangladesh is completely different than that in other countries with a dominant party system. "In Bangladesh you have a completely different political reality than in China and Vietnam where a disciplined party had hierarchy from top to bottom. The current regime in Bangladesh was the vanguard party for most of its political life. Much of the civil society which was active then was politically active under the benediction of this particular party. Its recent incarnation as a believer perhaps in the Indonesian or Malaysian model is contradictory to its own historical tradition and experience which is to be associated with the agenda of creating a system of contested democracy."

Debapriya Bhattacharya made the audience laugh with his witty but sharp remarks. "The history of elite commitment to development reminds of an anecdote. There was a time when governments changed, policy changed and projects were cancelled. Then a time came when governments changed, policy remained unchanged but projects got cancelled. Then governments changed, policy did not change and projects did not get cancelled. Then governments changed, neither policy changed nor projects got cancelled but contractors changed. Then we saw governments change but policy, projects and contractors do not change, contractors change parties."

So what does the future look like? If the scholars and the academics agreed on one thing at the day-long workshop it was this: It is unknown. They offered little insight into how we got here.

As I left the Brac Centre Inn, I remembered the epitaph of Karl the Marxist. "The philosophers have only interpreted the world in various ways; the point is to change it."

The writer is a member of the editorial team of *The Daily Star*.

Can development and even progress come about in the absence of contested democracy and transparent and accountable institutions?

THE AGE OF AUTOMATION

What does it mean for our economy?



SAKIB JAMAL

MOST of us have heard of the Second Industrial Revolution that took place in the Western world in the period preceding World War I. Some of us even studied the details of the advancement in manufacturing processes e.g. electrification and the Bessemer process. However, what most historical textbooks and teachers failed to mention was that the effects of the revolution, particularly the meteoric rise in productivity, did not take place until 30 years after the first handful of factories started to electrify their workflow. Some argue that electricity as we know today took up to a full century to completely play out.

There is an important lesson to learn from the phenomenon. It takes some time for these revolutionary, empowering technologies to take effect, but once they do, those who refuse to adapt set themselves up for failure. A factory owner in the early 1890s who refused to replace the limited abilities of human muscles with machinery would cease to exist by the 1930s.

Today, the limiting factor is not our muscles, but our minds. The emergence of revolutionary hardware and software means that firms are facing increased competitive pressure not only from their own industry, but from seemingly unrelated areas. In the United States, notebook manufacturers are scrambling to

protect market share against notetaking software such as OneNote or Evernote – it is simply more convenient to record and store your notes in the cloud! It is not unreasonable to think Bangladesh is going to see a similar environment not so far in the future.

Moreover, the nature and rate of change today is not what it was like in the 1870s. It is much quicker and forecasted to be more profound than ever. Erik Brynjolfsson, a professor at MIT, was one of the pioneers of this theory of exponential change in the digital world. Even he admits that he had underestimated the magnitude of its effects. A little over a decade ago, Erik had taught his students at MIT that there were some actions only humans could exclusively be good at. Driving a car was his primary example – surely a computer would not be able to follow any 'structured rules' of code to navigate traffic. Within five years of that lecture, Erik had completed a long drive along the highways of California on a driverless car. He had been proven wrong.

So what does this mean for the Bangladeshi economy? It does not take a rocket scientist to figure out that Bangladesh's source of global competitive advantage is almost exclusively reliant on low labour cost-structures. This would put our entire macro-model of business under serious threat within the next 20-30 years to the born optimist, 10-20 to the trained pessimist.

It is imperative for our country to recognise this danger - one that threatens to cause massive stagnation in our economy, and devise a strategy to hedge

this risk. My hunch is that this strategy would not be as simple as 'invest in robotics and AI education', but can be broken down into smaller steps identified through careful workflow analysis. Automation does not always mean

client. I could not help but think why we would not take photos of the receipts, upload them on Google drive and send them to our client for approval. But alas, that would be considered rude in this particular context as the client was deemed so

through automation – our culture. We (myself included) love human interaction, but we fail to recognise the premium we often pay due to our traditionalist views. For starters, given the traffic in urban Bangladesh and other factors, perhaps a conscious effort to do away with in-person interactions can expedite the charge towards increased efficiency.

We have arrived at a crucial point in the cycle where, from now on, every time someone runs into a problem at work, it might be worthwhile to think: can this process be automated with existing technologies? A lot of the time, the answer would be yes – and each time that happens, one may discover a new source of competitive advantage if the cost of implementation is deemed reasonable.

Yes, it would not make sense for a country like Bangladesh to automate things right now, but that does not mean we should not be open to the idea. From a macro-international perspective, countries that position themselves accordingly through public-private sector collaboration will experience a significant 'unfair advantage'. We should not view the machine revolution as the evil force taking over our jobs, but as an effective tool towards increased productivity that will make our lives easier and hopefully, increase jobs relative to the ones threatened to be lost if we can train our workforce. We are not racing *against* machines; we are racing *with* machines. At least for now.

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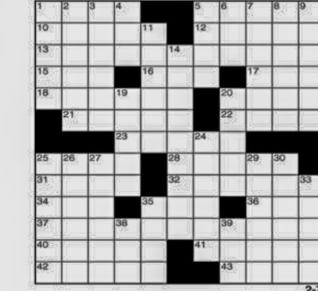


complex technologies; it can also mean simple tweaks to digitise in order to support some of our existing tasks. For example, working for a Dhaka-based firm in the past, I was tasked with organising and filing over three dozens of receipts to bill a

important that the Managing Director himself had to go file it in person. Aside from the age-old argument against bureaucracy/red-tape and unnecessary paperwork, this points out another issue stopping us from recognising our full potential towards increased efficiency

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- Cruise stop
 - Homeless, as cattle
 - Portents
 - Game setting
 - Marine
 - Everything
 - Woodsmen's tool
 - Stir-fry pan
 - Snappy answer
 - "Smooth Operator" singer
 - Bank worker
 - Looked over
 - Make blank
 - Baseball's Musial
 - Israel's Moshe
 - Throw
 - Slanted, as type
 - Mork's planet
 - Pig's place
 - Flock sound
 - Ship's highest level
 - Comic Kovacs
 - "Sexy" Beatles girl
 - Was overly fond
- DOWN**
- Kind of bear
 - Eggy dish
 - Investment choice
 - Blasting stuff
 - Stallion's mate
 - Coffee dispenser
 - Margin for error
 - Make secret
 - Had a gabfest
 - Generous one
 - Hand over, in a way
 - Some tournaments
 - "Bye!"
 - Nymph chasers
 - Put away
 - Man with a cape
 - With suspicion
 - Reflective quality
 - B vitamin
 - Bakery buys
 - Storage site
 - Draw
 - Mom's mate



GRID CHATS

REDO HARRIS
ANEW ERMINE
SEANCES VAN
SELFISH ITS
ATE TARO
SCALE POLAR
TOLL DEW
ALT NUANCED
GOO ONSHORE
EROTIC ACES
DENISE LOCK
RACES LATS

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