Demystifying the "Development Miracle"

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Bangladesh's achievements are exemplary for many developing nations, including Pakistan. The main credit lies with the visionary leader, Bangabandhu, who firmly believed that we could do better independently. We did better than Pakistan in most economic indicators and outperformed India in some important aspects of social indicators. How did they happen? Was it really a miracle – a term or rhetoric often used by politicians without understanding its economic underpinnings? In reality, they are the results of farsighted public policies, most of which were laid out by Bangabandhu's vision of "Sonar Bangla."

As Bangladesh celebrates its fifty years of independence, some political rhetoric is resorting to a myth that the country has discovered a magical path of development. However, nothing has happened to term the country's progress as a miracle. It's really a story of farsighted public policies – mainly adopted after independence, economic liberalisation, and democratic continuity of recent decades – which jointly contributed to developmental vibrancy in the country.

Bangladesh achieved more than five percent growth in the last twenty years along with a remarkable rise in per capita income, exceeding Pakistan's and reaching closer to India. Its scores in social indicators, women empowerment, poverty reduction, population control, and the pace in literacy programmes are the outcomes of provident public policies.

Bangladesh earned its independence in 1971 under the heroic leadership of Bangabandhu Sheikh Mujibur Rahman, who also ruled the country for almost four years until he was assassinated in August, 1975. It was a devastated country ravaged by the Pakistani army, and hence Sheikh Mujib's number one challenge was to feed the people of a densely populated country. Almost broken, the infrastructure required a quick fix. The food crisis was rearing its ugly head amid prices spiralling up since 1973 when the advanced countries entered the fire of the Great Inflation.

Unlucky was the first regime, as a famine surfaced in 1974, and convinced the government to seriously continue with three vital policies at a time: population control through a full-scale campaign and social awareness, food sufficiency through agricultural research and development, and free-of-cost universal primary education by devoting public resources in every corner of the country. These fundamentally robust policies empowered the poor and women in particular. Cultural liberalism, which Bangabandhu and his colleagues cultivated since the 1950s, freed women from the cult of Pakistani conservatism. They came out to attend schools and participate in social activism. Today's score of women empowerment owes to that spirit that comes under pressure from fanatic corners at times.

Despite political intolerance between different regimes since 1975, none of the rulers in the post-Mujib era deviated from these policies. The global political reality and Bangladesh's dependence on the capitalist world expedited the country's move to an economy of private enterprises since the mid-1970s. The policies of denationalisation, privatisation, and economic openness – which followed later in the post-Mujib regimes, contributed to a rising influence of the market economy, raising budgetary capacity in the public sector and employment generation in private businesses.

The country witnessed high growth volatility in the 1970s, which is typical for a new-born country with policy switches. As per the World Bank data, the average growth during that preparatory decade from 1973 was four percent. Growth sagged to almost three percent in the 1980s. However, the 1990s, along with liberalisation, witnessed an average growth close to five percent, the 2000s nearly six percent, and close to seven percent in the 2010s. The country experienced growth-led development and a hike in per capita income.

Rural Bangladesh was integrated more effectively with urban developments. Both female literacy and women's labour force participation trended up. Public policies favoured women to get into education and employment. Bangladesh's female force made competent use of these opportunities, reduced unplanned births, embraced all walks of education, and challenged any kinds of jobs. They are the heroes of the "miracle."

Population control was the most successful public policy Bangladesh ever had. The Mujib regime realised that the whole nation would sink into a disaster unless population growth, which was above three percent then, was pulled down. The country now enjoys almost one percent population growth, less than that of both India and Pakistan. The inception of liberalisation since the early 1990s marked the start of a new era, not only in reducing the financial haemorrhage of public enterprises but also ushering in a new horizon of privatisation and employment generation. The pace of privatisation never slowed down since then. Rather, since the mid-1990s, the economic openness, modernisation, and mushrooming of businesses accelerated at the beginning of each new regime regardless of parties. This is the hidden strength of Bangladesh's policy continuity.

The Awami League regime since the end of the 2000s thrived on four things: agricultural development, controlled population, demographic dividend, and women empowerment. The other facet of the demographic dividend spreads over growing consumption, modern tastes, demand for digitisation, increased migration and remittances. The rapid rise of the garments industry since the 1980s contributed to a solid foundation of export earnings, which, being coupled with labour migration and remittances, gave the country a healthy reserve of foreign currencies. Imports went up not only for consumption but mainly to provide raw materials, intermediate goods, and capital machinery – which eventually added booster doses to growth and public revenue. The banking sector played a pivotal role in this regard, even though the capital market and fiscal capability have remained anaemic.

Bangladesh's main weakness is immature institutions which are often plagued with inefficiency and corruption. The slow-to-act bureaucracy, tardy judiciary, disproportionate law enforcement, anarchic transport sector, improper construction work, poor tax collection, quality-deficient education, and an utter disregard to the environment are the challenges the country is confronting increasingly. The focus should be on these aspects now.

While improvements are there, the speed of implementation is somewhat frustrating. The same can be said for many mega infrastructure projects, which, once completed, are supposed to change the functioning and features of the country. Bangladesh has entered a new era after graduating to a middle-income country. The current regime's signature infrastructural commitments are designed to transform the country into a model of development in twenty years.

Bangladesh's story is impressive in that many politicians and economists thought the country would be a paradigm of poverty in the wake of the devastating independence war against Pakistan. Bangladesh disproved it. The country's public policies paid off. Much has changed, and more will soon. Its ever-changing landscape now draws the attention of development thinkers. It's not a miracle. It's a success case of visionary public policies – most of whose seeds were sowed in the post-independence era.

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Migrants' contribution to the 50-year journey of Bangladesh

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As Bangladesh celebrates its Golden Jubilee, and marks 50 years of independence, there is much to look back on and even more to look forward to. The country is poised to transition from least developed country (LDC) status to a lower middle-income country, largely owing to steady peaceful development throughout the first 50 years of the country's existence. In 1972, the Bangladesh's GDP was USD 6.29 billion, and today - 50 years later – it stands at USD 318 billion; more than a fifty-fold increase.

Evidently Bangladeshi migrants, particularly migrant workers, have played a critical role in their country's achievements – and with some support they can play an even more catalytic role in the next 50 years of development. Bangladeshis are the sixth largest group of migrants in the world, with more than 13 million citizens outside of the country globally. These men and women have sent back over USD 235 billion in remittances since 1976. Last year, despite the impacts of COVID-19 which detrimentally impacted remittance flows globally, Bangladesh benefitted from USD 21.9 billion in remittances. The consistency and dependability of remittances has been both a coping strategy and a safety net for many communities, and have played an increasingly important role during the current pandemic.

Not only is Bangladesh a young country, but Bangladeshis are a young people – with over 2.2 million people joining the workforce every year. This is too many for the domestic economy to absorb, but the demographic dividend presents a significant opportunity to migrate for work in countries which find themselves at the other end of the demographic curve, with developed economies but a rapidly aging population, unable to sustain their economy without the help of a younger migrant labour force. Supply meeting demand that, most of the time, benefits all parties involved.

A big part of our job however, as the UN Migration Agency in Bangladesh, is not only to facilitate migration for the benefit of all, but to identify the existent shortcomings and assist the Government in resolving them. Maximising gains for economic growth, while reducing exploitation and protecting vulnerable migrants.

Some of this thinking needs to go into addressing the lack of awareness of risks among the populace, investing in upskilling of potential migrants, and focusing on ethical recruitment practices. It is critical that bilateral labour migration agreements are in place to ensure Bangladeshis can pursue formal and well-paid employment in countries of destination, rather than being forced to accept underpaid jobs in abusive working environments.

Investment in skills is key. Our data shows that skilled labour migrants send on average USD 255 more home per month than lower skilled migrants. Migrants' skills also determine how remittances are invested and saved, with skilled migrants requesting family members to invest remittances into savings accounts whereas less skilled migrants generally use them to pay off loans and debts. Lower skilled workforce yields lower return on migration.

Analysis shows that remittances are generally used to meet short-term consumption needs and are rarely used to diversify assets or build economic resilience, which further increases households' dependence on remittances. Low financial literacy among migrants and their family members puts them in a precarious situation in terms of income stability, remittance management, and asset building. Whilst the migrants and their families know best how to utilise their proceeds, in some cases more can be done to present quick-yield options for those with surplus income.

Moreover, measures should be taken to improve debt management and formalise savings to mitigate the vulnerabilities of both labour migrants and remittance receiving families. This would create an opportunity for financial independence of many individuals, families and communities. Policies that foster financial inclusion can make a significant impact on wealth generation and economic development at all levels, especially in the least developed districts of the country.

Likewise, it behooves us to remember that migration policy is rarely gender blind. All of these strategies need to be planned and designed in a gender-responsive manner, especially keeping in mind the special needs and interest of women, who often find themselves at the centre of discrimination and exploitation. Investing more in empowering women migrants will reap far-reaching benefits for local growth and national development.

Now more than ever we need to focus on supporting remittance-dependent communities impacted by the COVID-19 induced global slowdown and dwindling migration opportunities. International Organization For Migration (IOM) is committed to continue its partnership with the Government of Bangladesh to prioritise and mainstream skills development of migrant workers so they can increase earning and reduce vulnerabilities, to focus on providing financial literacy training, particularly to women, and to build resilience and financial independence of remittance-reliant households.

Global Compact for Migration, which was initially proposed by the Hon. Prime Minister Sheikh Hasina at the UN General Assembly in 2016,

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offers a useful governance framework for capitalising on the advantages of well-regulated migration and ensuring that no one is left behind.

We at IOM Bangladesh reiterate our congratulations to the country on its Golden Jubilee and share in the excitement of the next half century to come. Citius, Altius, Fortius!

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