

The challenge of democratising the 'middle income' dream



HOSSAIN ZILLUR RAHMAN

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FIFTY years ago, the dominant concern of citizens and observers alike was about the economic future of newly independent Bangladesh. Five decades later, a poverty-stricken, disaster-prone vulnerable economy has confounded observers at home and abroad alike by scripting a remarkable story of economic transformation and resilience. The achievements came neither overnight nor by the efforts of any single quarter. But the change has been real, and the country today has legitimately embraced a higher-level aspiration of middle-income status within the coming decade. Progress in economic development, however, has not been mirrored in progress in political development.

steeped in fatalism and espousing a dependent mind-set underwent something of a personality revolution, more assertive, pro-active towards opportunities, clearer on life goals. Fatalism was replaced by aspirations. This fundamental attitudinal shift saw an illiterate peasantry embrace the promise of technology, saw rural youth exploring the opportunities of the global labour market, saw poor women responding to the call of economic participation, and saw former employees daring to become new entrepreneurs. Any explanation of Bangladesh's transformation to date is significantly deficient without acknowledging this aspirational revolution at the level of individuals.

A second driver of change has been a grassroots culture of solution-centric innovations. "Nation-building" after independence did not remain a narrow elite pre-occupation but spilled over into the popular domain. This is the period when NGOs got born in Bangladesh, but the quest for innovations was not limited to the NGO sector alone but eventually graduated to a multi-sectoral pre-occupation. Micro-credit, feeder roads,

done.

Analysts and academics have had to cross the traditional disciplinary boundaries to grapple with such complexities. A critical insight emerging from such cross-disciplinary analysis is that it is less the form of government and more the degree and quality of politics and governance—i.e. legitimacy, opportunities for contestations, rationalisation of authority, state capacity, robust spaces for public discourse, minimising system disruptions around transitions in power—that distinguish politically developed societies from politically decaying ones. Clearly, politics and development are closely intertwined processes that have no easy or predictable answers on cause and effect.

Within its fifty-year journey, two decades stand out as constituting something of "turning points" in terms of the development trajectory of Bangladesh. An understanding of these "turning point" decades is critical to assess how the interface of politics and economics is likely to shape development outcomes in the coming decades. The first of these was the 1990s. Four outstanding system features crystallised and witnessed a dynamic interplay to mark this decade a "turning point"—a broad-based ideological embrace of the market economy and competitive capitalism, contested politics, a strong current of policy entrepreneurship, and the flowering of a dynamic social sector focused on grassroots transformation. The constellation of these system features laid the foundations for growth acceleration, rapid realisation of MDGs as well as incentivising a shift from "brain drain" to "brain gain".

The 2010s, however, have witnessed a contrasting type of "turning point". While the growth momentum has continued and a more upward aspiration of "middle income" country has been embraced, the decade has seen a reversal in certain critical system features. The inclusive nature of development outcomes has witnessed three distinct reversals—worsening income inequality, a growing spatial inequality with a Dhaka-versus-the-rest reality holding increasing sway, and a deepening employment crisis with nearly one-third of youth currently being neither in employment nor in education nor in training. The poverty reduction elasticity of growth has slowed. Competitive capitalism has given way to crony capitalism. Progress in school enrolment has not translated into quality

learning. Significant segments of the middle class are struggling to establish sustainable economic foundations for themselves and their families. Even as women have emerged as critical change agents, gender-based violence has become rampant. Institutionalised corruption abetted by poor governance norms is shackling Bangladesh significantly below its economic potential.

Bangladesh's fifty-year journey is thus truly Dickensian in its complexity. The transformation certainly has been deep and real. But the future increasingly looks less inclusive and uncertain on the challenges of quality completion of the middle-income transition. The fate of other once-promising countries—South Africa, Brazil, Malaysia, Philippines—stands as a stark warning on falling into the so-called middle-income trap.

While the private sector remains pivotal for the next phase of Bangladesh's developmental journey, increasingly the internal dynamics of the "private sector" holds the answer to how effective this role is going to be. Earlier, we had the state-aided private sector and the self-driven private sector. There is now a new reality. Proximity to power has become as important if not more important than proving one's competitive prowess in the marketplace—and not just proximity to power but actual positions in the high-table of power, both formal and informal. Conflict-of-interest situations have become rampant. Lucrative sectors of the economy appear to have fallen under oligopolistic or rentier control. A worrying trend has been the disregard of state capacity for apparent benefits of unclear "private sector" interests. Is this a new "turning point"?

A look at Bangladesh's performance on the global competitiveness index brings out critical weaknesses on the very indicators on which the accelerated realisation of the "middle income" aspiration rests—stitutions, logistics, skills, labour market efficiency, technological readiness and rule of law. It is not as if each of these weaknesses is not recognised. Policies abound. Projects abound. But credible reforms and progress flounder at the gate of unaccountable power and decision-making. The aspirational citizenry remains stoically engaged. What looms is the challenge of democratising the "middle income" dream if Bangladesh is to reconnect with its foundational dreams.

After independence, politics seemed the lesser challenge. In a twist of irony, today it is deficits in political development that are gnawing at the foundational dream of an inclusive, humane society. Representative rights have been fatally weakened as have been the institutions of accountability across the board. Such political decay is fuelling unaccountable power, rampant cronyism and systemic corruption.

But first, a look back. The by-now commonplace statistics of Bangladesh's social and economic success do not do justice to the quality and depth of Bangladesh's transformation thus far. Five system defining achievements stand out.

The first has to do with how the country has re-defined its relationship with disaster. A country defined by its eco-vulnerability and hence its entrenched status as a disaster victim has gone on to win global recognition and respect as a disaster manager. Food security too has been a transformative achievement—tripling of food production in a shrinking cropping area even as population more than doubled. A largely illiterate peasantry embraced the promise of technology while heavy-handed bureaucratic oversight incrementally retreated to allow for the dynamism of the market process to come into play.

The third transformational achievement has been in banishing the curse of remoteness and transforming a largely rural country of isolated villages into a connected national economy integrated to the global economy, with both entrepreneurs and workers transforming the "abroad" into key economic destinations. The emergence of women as social and economic actors too has been a transformational achievement, although deeper empowerment battles remain. Female gains in primary and secondary education, access to birth control measures, access to microcredit, and changes in social attitudes looking positively on women's economic participation have made such a wide-ranging transformation possible. The achievement on fertility decline too has been transformational. My own research shows that between 1980 and 2010, one-third of the rise in per capita income was due to the fertility decline.

Neither conventional economic narratives of growth nor self-promoting narratives of political regimes provide a full explanation of what drove these system-defining transformations. The least-examined driver of change has been the lasting impact of independence on the psyche of the common citizen. An eco-vulnerable and impoverished population

drug policy, social forestry, conditional cash transfers, new crop varieties, use of solar—the series of innovations have been both consequential and continuous.

Politics too was a critical driver of change, not politics as such but contested politics at both local and national levels. It is true that such contestations were mired in a degree of violence and governance shortfalls but nevertheless ensured a degree of political renewal, which arguably has been the primary source of accountability in a system where formal accountability processes are yet to prove their worth. It was really the return of contested politics in the 1990s that served as the backdrop to the process of growth acceleration that began in that decade.

The Bangladesh transformation was also aided by two lesser-known drivers of change. While the state has a large institutional presence, mainly a legacy of colonial rule, the coming of independence has not translated into system-wide strengths of accountable governance and policy and implementation leadership. Within such a deficient politico-institutional milieu, Bangladesh has been surprisingly successful in driving policy reforms in certain critical sectoral areas that went on to have larger system-wide impacts. The drug policy of 1980s, banking reforms of 1990s, telecommunications and digital reforms of 1990s and 2010s, conditional cash transfers driving early MDG successes in health and education all have been marked by a process of policy entrepreneurship—the opportunistic coming together of a "contingent coalition" of policy entrepreneurs, social entrepreneurs and political entrepreneurs around clearly-focused, specific policy goals. Bangladesh also benefited from a reality-grounded development discourse that served to spur action on key developmental challenges such as extreme poverty, social protection and agricultural modernisation.

As the chapter on the first fifty years of Bangladesh closes and the sun rises on 2022 and beyond, looking back now has to give way to looking forward. But for a nation-state born through a bloody struggle on an emancipatory dream of economic prosperity and social equality, "looking forward" cannot just be a new iteration of a growth narrative—be it of experts or of unaccountable ruling groups—but rather a collective act of dreaming on what matters most with equality of agency all across society. Politics and economics are thus coming together to pose a new challenge for Bangladesh. However, understanding the nature of this challenge is easier said than

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অগ্রণী ব্যাংক লিমিটেড

প্রধান কার্যালয় ল' ডিভিশন

১০, দিলুকুমা, লেভেল-১৬, ঢাকা ১০০০

বিময়: অগ্রণী ব্যাংক লিমিটেড-এ তালিকাভুক্ত আইনজীবীদের আরও ০২ (দুই) বছর

মেয়াদে নবায়ন এবং নতুন আইনজীবী ০২ (দুই) বছর

মেয়াদে তালিকাভুক্তরাগের নিমিত্তে দরখাস্ত আবর্তন প্রস্তুতে।

অগ্রণী ব্যাংক লিমিটেড-এ তালিকাভুক্ত আইনজীবীদের আরও ০২ (দুই) বছর মেয়াদে কর্তৃত আগ্রণী ব্যাংকের নিমিত্তে শর্করা প্রতিবেদন করার আগ্রহ প্রক্রিয়া করা হচ্ছে। এছাড়াও নতুনভাবে আইনজীবী একই মেয়াদে তালিকাভুক্তরাগের জন্য আগ্রহ আইনজীবীগুলি উল্লেখিত শর্তে আবেদনপত্র আবর্তন করা যাচ্ছে।

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সাময়িক আকার

উপ-মহাদ্বৰ্বাহ্যপক্ষ

সদস্য সচিব

আইনজীবী তালিকাভুক্তস্বত্ত্বান্বৃত্য কমিটি

কেন্দ্র নং- ০২-২৩০৮১৮১