

# Socio-Economic Progress with Poor Governance: How are Amartya Sen's Thoughts Relevant for Contemporary Bangladesh?<sup>1</sup>

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## Abstract

The overriding concerns of Amartya Sen's writings are about how to promote public action towards achieving an equitable and just society, which particularly addresses the needs of the underprivileged. While his ideas are of great relevance for all developing countries, this is more so for India and Bangladesh – the two countries that provide the socio-economic settings for much of his empirical works. Sen has praised the remarkable progress in many social development indicators that Bangladesh has achieved compared to India, despite having a much lower per capita income and suffering from the same, or even much worse, institutional and policy failures. In fact, the contradictions of Bangladesh lie in its impressive socio-economic progress achieved under extremely poor institutions of economic and political governance. By drawing upon Sen's writings on issues ranging from human development and social inequalities to the concepts of freedom and “public reasoning”, this essay aims at understanding the factors underlying Bangladesh's achievements and the challenges that lie ahead.

Keywords: Human development, social inequalities, hybrid democracy, civil liberties, public reasoning

The writings of Amartya Sen, the Indian Nobel Laureate economist of Bangladeshi origin, are spread over vast areas of economics, often encroaching other academic disciplines, especially ethics and philosophy. Beyond being an academic of highest distinction, he is also a public intellectual and his overriding concern in both these roles is about how to promote public action and influence public opinion towards achieving an equitable and just society, which particularly addresses the needs of the underprivileged and offers human dignity to all. It is no wonder, therefore, that his ideas are of great relevance for developing countries that are striving to achieve broad-based economic growth and social progress; and this is more so for India and Bangladesh – the two countries that provide the socio-economic settings for much of his empirical works, Sen

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has praised the remarkable progress in many social development indicators that Bangladesh has achieved compared to India, despite having a much lower per capita income and suffering from the same, or even much worse, institutional and policy failures. In the way of attempting to analyse how Sen's development ideas are relevant to understanding Bangladesh's socio-economic progress achieved so far and the challenges that lie ahead, this essay is also meant to be a tribute to this great economist-philosopher of the contemporary world.

## **1 Making progress in human development**

Much of Amartya Sen's work is about widening the definition of economic development beyond mere income growth to include other aspects of human well-being or capabilities. The incorporation of these non-income aspects of well-being, such as in respect of health and educational outcomes, led him to lay the foundation of the UNDP's *Human Development Index* and to conceptualizing poverty and deprivation beyond income-poverty alone. In this respect, he has praised the evidence on Bangladesh's remarkable achievements in various social development indicators, especially since the early 1990s (Dreze and Sen 2013, pp. 58-64). Cross-country comparisons show that in relation to per capita income, Bangladesh has transformed itself during this period from being a laggard to a clear leader in many of the indicators of health, education and demographic outcomes.<sup>2</sup> The decline achieved in infant and child mortality rates since the early 1990s, for example, is among the fastest in the developing world. Bangladesh has already eliminated gender disparity in primary and secondary school enrolment. Its success in reducing the population growth rate through the adoption of birth control methods is also unique among countries at similar per capita income levels. Within South Asia, Bangladesh has improved its position ahead of India and the region as a whole in a number of these indicators, including average life expectancy at birth, although its per capita income is still significantly below the regional average (Asadullah et al. 2014, Mahmud 2008, Mahmud et al. 2013, Ahluwalia and Mahmud 2004).

Sen has discussed two distinct pathways of making progress in social development indicators: one is 'growth-mediated' which works through rapid and broad-based economic growth, thus facilitating better standards of living and generating more public resources for social spending (e.g. South Korea, Singapore); the other is 'interventionist' or 'support-led' which involves large public social spending on welfare-oriented programmes (e.g. Sri Lanka, Costa Rica, China and the Indian state of Kerala).<sup>3</sup> It is remarkable that Bangladesh's achievements thus far do not exactly fit into either of these typical pathways. While per capita income in Bangladesh has grown at a modestly high and steadily increasing rate since the early 1990s, this alone cannot explain the extent of improvements in the social development indicators as is obvious from the logic of the cross-country comparisons mentioned above. Neither does Bangladesh represent the typical case of 'support-led' human development, since cross-country comparisons show that Bangladesh's

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<sup>2</sup> This can be seen from the regression results in Mahmud et al. (2013) and Asadullah et al. (2014) which show for different time periods the extent of deviations of the actual values of these indicators from what are expected at the level of per capita income of Bangladesh.

<sup>3</sup> See, for example, Sen (1999), Chap. 2 and Dreze and Sen (1989), pp. 258-59.

public spending per capita on both health and education has remained considerably lower than what is expected even at comparable low levels of per capita income.<sup>4</sup> While Bangladesh may have shown a different kind of pathway for achieving rapid progress in social indicators at an initial stage, it will be argued later that Sen's analysis still holds in understanding challenges that lie ahead for continued progress.

#### *Low-cost solutions and social mobilisation*

Various hypotheses have been advanced to explain Bangladesh's success in improving social development indicators. Much of it seems to have been due to the adoption of low-cost solutions like the use of oral rehydration saline (ORS) for diarrhoea treatment leading to a decrease in child mortality, and due to increased public awareness created by effective social mobilisation campaigns such as for immunization or contraceptive use or girls' schooling. Diarrhoea deaths that used to be the single major cause of under-five mortality in Bangladesh have now been greatly reduced by the widespread adoption of the ORS technology, including the use of homemade saline. Again, due to successful social campaigns, Bangladesh has become a leader among developing countries in the rates of child immunisation, which is another factor greatly contributing to the reduction in under-five mortality.<sup>5</sup> Maternal mortality has been greatly reduced in recent years mainly through easy access to prenatal care, while the rate of medically attended births remains extremely low even by the standards of low-income countries. Underlying these proximate factors, however, there has also been a broader process of social transformation affecting behavioural norms and attitudes such as towards female employment, fertility behaviour and parental incentives for investments in children's health and education (Mahmud 2008). The rapid increase in female labour force participation, including work outside home, has in particular led to positive synergies with fertility behaviour, child health and other social development outcomes. Dreze and Sen (2013, pp. 58-64) have particularly emphasized the agency of women in bringing about this social transformation.<sup>6</sup>

The scaling up of programmes through spread of new ideas is helped in Bangladesh by a strong presence of non-government organisations (NGOs) and also by the density of settlements and their lack of remoteness made possible by an extensive network of rural roads. Since the early 1990s, the government has emphasised developing extensive networks of rural roads.<sup>7</sup> Besides

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<sup>4</sup>As shown by the cross-country regression results in Mahmud et al. (2013) and Asadullah et. al. (2014).

<sup>5</sup> For example, percent of one-year-olds immunized against measles in 2005 was estimated to be 81 in Bangladesh compared to 58 in India and 74 for developing countries as a whole; see UNDP (2007), pp. 248-50.

<sup>6</sup> As to why Bangladesh could benefit from the role of NGOs and the female agency in the way other countries could not remains to be fully understood, as observed by Amartya Sen in his comments at the session where this paper was presented.

<sup>7</sup> The road density in Bangladesh, as measured by road length per unit of area, is approximately the same as that in the UK and is higher than in many other OECD countries; World Bank (2005), p. 37.

promoting rural development generally, such dense transport links have helped in making services more accessible to the rural communities, especially to women, and in scaling up social development campaigns as mentioned above. Some innovative government initiatives, such as the so-called ‘food for education’ programme, has helped to bring children from poor rural households to the formal school system since the early 1990s, while female school enrolment has been promoted by the introduction of a universal stipend programme for female students attending secondary schools.<sup>8</sup> The female stipend programme has been described as the world’s vanguard programme of this type having profound impact on parental attitudes and social norms regarding sending adolescent girls to schools.

While the government’s commitment and support for welfare-oriented programmes have had undoubtedly an important role to play, that is only part of the story; the other part, however, has to do with the role of the non-governmental organisations (NGOs). Bangladesh may well be the world’s leader in using NGOs as vehicles of social development. NGOs are involved both in the delivery of services and in the scaling up of the interventions through social awareness campaigns.<sup>9</sup> For example, the initial spread of the use of oral saline for diarrhoea treatment was largely due to the work of BRAC, the largest development NGO in Bangladesh (World Bank 2007, Zohir 2004). The rapid expansion of microcredit programmes may also have been a contributing factor by promoting social interactions and mobility for rural women. Besides the economic impact of microcredit on poverty, the mobilisation of women’s credit groups may have led to non-economic gains through enhanced female agency, empowerment and mutual support, thus creating the social environment for other development interventions to work better (Mahmud 2002a, Mahmud and Osmani 2016).

It can be seen that some elements of both ‘growth-mediated’ and ‘support-led’ mechanisms of human development have been at work, since there has been accelerated growth in per capita income and concomitant reduction in poverty since the early 1990s, and some interventionist programmes also had a role. What distinguishes Bangladesh’s experience from these typical pathways of human development is the demonstrated evidence that much can be achieved even with low public social spending, poor service delivery and still prevalent widespread poverty by effective social campaigns and adoption of low-cost solutions. However, as the gains from low-cost solutions are reaped, continued progress may increasingly depend on increased public social spending and an improvement in service delivery systems. Further reductions in child mortality, for example, will require more expensive child survival interventions, such as hospital-based care to avert neonatal mortality resulting from birth-related complications. Similarly, lowering the currently high, though declining, maternal mortality rate will also require the provision of relatively costly health services. Again, the existing poor quality of schooling may make it difficult to sustain the gains in school enrolment, and there are signs of that already happening, such as

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<sup>8</sup> Under the ‘food for education’ programme, children from poor rural families were given wheat rations (later monetised) for regular school attendance.

<sup>9</sup> For a comprehensive account of the NGO sector in Bangladesh, see World Bank (2007).

reflected in the high rates of school drop-outs as indicated in the official education statistics.<sup>10</sup> The unpublished data from the more recent round of the Demographic and Health Survey (the survey which provides data for cross-country comparisons by international bodies), reveal a more alarming picture of overall stagnation, or even decline, across a range of the social development indicators.

It may also be noted that the progress in social development indicators has been achieved to a large extent by bypassing the widespread problem of poor governance afflicting service delivery. This has been possible by keeping the government campaigns, such as for immunisation or ‘social’ marketing of contraceptives, outside the established structure of service delivery and also by involving the NGOs. But further progress through this route may prove increasingly difficult. Service delivery systems are highly centralised with very little mechanisms for accountability through community participation. The rural healthcare system, for example, is plagued by poor utilisation of services and widespread absenteeism of doctors. In these respects, Bangladesh is no different, and may be worse than India. As Dreze and Sen (2013, p. xi) observe, “the general state of public services in India remains absolutely dismal, and the country’s health and education systems in particular have been severely messed up”. Moreover, they observe that this is a reflection of larger issues of accountability beyond the cases of health and education, which is even more true for Bangladesh. Clearly, to consolidate the gains made thus far and make further improvements, the challenge lies not only in allocating more budgetary resources for public social spending, but also in improving the governance structure of service delivery.

## **2. Social inequalities, deprivation and public action**

Much of Amartya Sen’s concerns are not just about the progress in the social development indicators for the average population of a country, but about inequalities in these indicators and what happens to its deprived sections. In this respect, again, Bangladesh’s record so far has not been much disappointing, if at all, which is explained by the very factors that have contributed to this progress; but future challenges will be seen to be more akin to Sen’s concerns.

The NGO-based interventions in Bangladesh, as well as some government programmes like domiciliary contraceptive services, have largely targeted households or individuals, mostly poor women, instead of using what Dreze and Sen (1995: pp.190-91) call “the agency of the public”, such as by involving local government institutions. As such, the interventions are mostly effective in promoting self-interested behaviour for increasing individual household welfare, even if the benefits accruing to the targeted households have elements of ‘public good’ (e.g. immunisation, birth control, sanitation, etc.). In the absence of effective local government, the NGOs in Bangladesh work almost at parallel with the centralised public service delivery systems;

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<sup>10</sup> The recent data show that the extent of Bangladesh’s lead in girls’ school enrolment rates has already narrowed in the most recent period. As for boys’ enrolment rates, Bangladesh is in fact found to have already reverted to its original laggard position.

they have not been much successful in working as community-based organisations so as to enable the poor to claim public services or to sanction service failures.<sup>11</sup> This limitation of the NGOs has also meant that they have been less effective in promoting social capital of the kind that contributes to improving social norms and behaviour. This explains the apparent paradox that in spite of the improvements in social development indicators achieved mostly by using the female agency (Dreze and Sen 1995, pp. pp. 58-64), Bangladesh performs poorly in such aspects of female welfare as the incidence of child marriage and repression and violence on women.

In this respect, Bangladesh's experience contrasts with Sen's discussion of how Kerala had early success in social and human development, which was achieved through effective local governance and local-level political mobilisation (Sen 2009: p. 350; Sen and Dreze 1995, pp. 58-64). It is true that some societal characteristics were helpful in the case of Bangladesh as well. For example, relatively low social barriers of class, caste or ethnicity compared to many other developing countries including India, along with opening up of certain economic opportunities, have helped in creating aspirations among the poor for upward economic mobility. These opportunities were provided by the very rapid spread of microcredit enabling rural agricultural families to diversify their sources of income into non-farm activities, the increasing phenomenon of labour migration for temporary overseas employment and the rapid expansion of the export-oriented ready-made garment industry providing employment mostly to young women from poor families; the later may partly explain why even the poor families are increasingly sending their children to school.<sup>12</sup> However, these aspects of socio-economic mobility of the poor are very different from the political and social mobilisation in Kerala as described by Dreze and Sen.

Admittedly, further progress in many of the social development indicators in Bangladesh could be achieved through the 'income-mediated' path, as the living standards improve with continued increase in per capita income; but without an increase in the current low levels of public social spending, the gains would come mostly from out-of-pocket expenditure and would therefore likely to be unequally distributed. This is because family spending on health, education and quality food needed for improved nutrition are found to be income-elastic leading to increasing inequality in such spending among income classes with the increase in average income (Mahmud 2002b). As Dreze and Sen (1989, p. 258) observe, even in the case of 'growth-mediated' path of enhancing human development, the role of well-planned public support, especially for basic health and education cannot be denied (as they contrasts the experience of, say, South Korea with what they call the "unaimed opulence" of Brazil).

The risks of such increasing inequality in the distribution of the health and educational outcomes are already evident from the past trends in the indicators for those outcomes for which out-of-pocket spending of households matters. Although we have seen that during the past decades of rapid progress the poor may have in fact gained more than the non-poor in school enrolment

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<sup>11</sup> On this, see Kabeer et al. (2012).

<sup>12</sup> For example, a recent study has found links between girls' school enrolment and the growth of ready-made garment industry; see Heath and Mobarak (2012).

and infant and child mortality, the reverse seems to have happened in some other indicators, most importantly in child malnutrition (Osmani 2017). This should not, however, be taken to diminish the value of the overall rapid improvement in child malnutrition achieved thus far, in which the poor also have benefited albeit less so than the non-poor. In fact, a recent cross-country study by Headey (2013) has concluded that in the recent decades Bangladesh had recorded one of the fastest prolonged reductions in child underweight and stunting in recorded history, narrowly behind the more celebrated case of Thailand in the 1980s and ahead of several success stories identified in the nutrition literature, such as Brazil, Mexico, and Honduras. In this context, some authors seem to have been overly concerned about the unequal progress as may have taken place in Bangladesh in some of the indicators.<sup>13</sup>

### *Famine and food security*

One important part of Sen's ideas about extreme deprivation of the underprivileged has to do with the analysis of food deprivation and famine. He has extensively analysed the Great Bengal Famine of 1942-44 as well as the 1974 famine in Bangladesh, the epicentre of both of which was the present Rangpur region in the north-west Bangladesh (Sen 1977; Sen 1981, Sen 2009, p. 342). Sen's analysis of famines has led him to two well-known propositions: (a) food deprivation of an epochal proportion such as famine does not happen in a *well-functioning* democracy (Indian famines in the British colonial period and the Chinese famine during 1958-61 being the examples of famines occurring allegedly because of lack of democracy) although such a democracy may suffer from chronic food deprivation (e.g. India), and (b) famine happens not necessarily because of shortage in food supply but because of the loss of "food entitlements" of the poor. Further academic debates and analyses have focused on the aspects of democracy that are conducive to preventing famines, such as the scope of public discussion and media coverage, and also the factors that lead to loss of food entitlement of the poor during food crises.

Sen's analyses of famine and food deprivation largely conform to the experience of Bangladesh where ensuring food security has always been a key element in the government's approach to social protection. Although Bangladesh has been far from a fully-functioning democracy, there has not been any major episodes of food crises since the famine of 1974-75; the underlying reasons of that famine have been analysed by Sen himself and other researchers. Since then, food security has been always a sensitive issue in media coverage and civic activism. It has also been argued that the experience of the famine in the early years of independence in 1974-75 resulted in a public psyche of "never again", thus creating an urgency for the government to ensure

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<sup>13</sup> Khan (2015), for example, goes to the extent of saying: "Perhaps the cruelest dimension of inequality is manifested in the greatly unequal distribution of the gains in these indicators resulting in great relative deprivation of the poor in such basic things as access to immunization, nutrition and schooling" (p. 156). While there are still undeniably considerable rich-poor gaps in most of the social development indicators, the alleged unequal distribution of gains in case of many of the key indicators is not even borne out by available evidence as discussed earlier.

food security and the provision of minimum living standards for the poor (Hossain 2017). Government policies towards boosting food production, stabilising food prices and providing safety nets for the poor have all contributed to promoting food security.

An example of the sensitivity towards food security is provided by the recent initiatives in tackling seasonal hunger in an economically depressed region in northeast Bangladesh: the greater Rangpur region. Rangpur is well-known in the famine literature; it was among the worst-hit districts in the Great Bengal Famine of 1942-44 and was literally the epicentre of the 1974 famine in Bangladesh (Sen 1977). The region has not only lagged in poverty reduction behind other regions, but has also remained particularly vulnerable to seasonal hunger (locally known as *monga*) linked to agricultural crop cycles. Only since the 2000s, the phenomenon has received special attention in the government's poverty reduction and food security programmes. The various recent initiatives undertaken for combating *monga* in Rangpur includes introduction of new crop technology, provision of public works and other safety nets, facilitation of out-migration, asset transfers to the poor, and introduction of specially designed microcredit programmes in addition to the regular ones. As a result of these initiatives, the most acute forms of food deprivation characterizing *monga*, such as foregoing meals altogether on some days, have now been almost eliminated.<sup>14</sup>

The initiatives in combating *monga* in Rangpur have been prompted by widespread public awareness, which in turn has been largely created by media reports and civic activism. The resulting public action against *monga* is a testimony that political incentives even in a not-so-well-functioning democracy can be created for combating severe incidence of seasonal hunger as well, once the phenomenon catches public attention. However, lack of similar awareness may have resulted in neglect of other regions in Bangladesh that are vulnerable to seasonal distress (Khandker and Mahmud 2012).

Again, in 2018, Bangladesh faced a potentially severe food crisis in terms of large grain import bills and a severe price hike in the domestic grain markets. The military-backed caretaker government of the time responded by strengthening the food-based social protection programmes including large-scale open market sales of essential foods at subsidized prices in urban areas. The market supply of food grains was augmented through off-takes from government stocks and by importing large quantities of grains – both in the public sector and through private commercial channels. As a result, the per capita availability of food grains actually increased during the food crisis years of 2007 and 2008, even though the prices of both wheat and rice nearly doubled during this time, keeping pace with prices in the international markets. There was no decline in the real wages of day labourers in agriculture and other informal sectors in spite of this sharp price spike

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<sup>14</sup> For example, a longitudinal survey conducted in respect of a sample of households representing the bottom 60 percent of the population of the region found that the incidence of starvation (that is, foregoing all meals on some days) among the sample households during *monga* declined from about 50 percent in 2006 to only 6 percent in 2010; see Khandker and Mahmud (2012), Chapter 9, p.187.

(Khandker and Mahmud 2012, p. 44). Although there were predictions that poverty rates would have been adversely affected by the food price increases, not much evidence of that could be found in the subsequent poverty estimates, with the poverty headcount rates falling more rapidly than ever between 2005 and 2010 (from 44 percent to 35 percent). This episode thus provides an interpretation of Sen's idea of food entitlement in a particular context, namely, how a failure of such entitlement of the poor can be prevented even at the time of a severe food price hike if real wages can be kept from falling and various safety net measures are put in place.

#### **4. Democracy, institutional development and economic progress**

In the recent book co-authored by Jean Dreze and Amartya Sen, entitled *An Uncertain Glory: India and its Contradictions*, they make the strong assertion that “the history of world development offers few other examples, if any, of an economy growing so fast for so long with such limited results in terms of reducing human deprivations” (Dreze and Sen 2103, p. ix). They contrast this performance with Bangladesh's “astonishing achievements” in certain aspects of social progress as discussed earlier in this paper (although they hasten to add that Bangladesh remains one of the most deprivation-ridden countries of the world with the same kinds of policy failures as in India; p. 59). In fact, Bangladesh's contradictions lie elsewhere; it's institutional development has thus far lagged far behind its achievements in socio-economic progress. Bangladesh now ranks among the few fastest growing economies in the world while it scores very poorly in most indicators of economic and political governance including the World Bank's “Ease of Doing Business Index” and the World Economic Forum's “Global Competitiveness Index”. While a close association between the quality of institutions and economic performance is now widely recognised, the moot question is: how far can Bangladesh sustain progress without commensurate institution-building towards better governance? A related question is: what happens to economic performance as the formal structure of “multi-party electoral democracy” shows signs of regress, as has been happening in many new democracies including Bangladesh (e.g. the so-called mixed or hybrid democracies).

The answer to these questions can be sought only indirectly from Amartya Sen's writings on related topics, which are more concerned with how to make the already established democratic institutions (as in India) more responsive to the demands for social justice, or about how institutional and human capabilities interact with economic growth in high-performing economies that already have fairly strong formal institutions of governance, albeit of very different kinds (e.g. the contrast between India and China).<sup>15</sup> At the risk of being too simplistic, one could summarise his views as follows.

Before China introduced market-oriented reforms in the late seventies, it had already in place economic and social conditions that were conducive to respond to such reforms towards broad-based economic expansion, such as land reform, near-universal basic education, provision of basic public health, high female participation in labour force and a functioning system of local

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<sup>15</sup> See, for example, Dreze and Sen (2013) and Sen (1999).

governance. The existence of the same pre-reform conditions may explain the success of other East Asian “miracle economies” (e.g. South Korea, Taiwan, Singapore, and also Japan in the earlier period) in achieving broad-based economic growth by adopting market-oriented policies. Sen laments that India was nowhere near achieving these solid foundations of broad-based economic expansion (Dreze and Sen, 1995, p. 197).

However, India had a well-established democratic institutional structure at the time of the introduction of market reforms in the late 1980s and early 1990s, and its success in accelerating economic growth in the post-reform era helped to dispel an earlier notion that democracy may not be conducive to, or even can be a hindrance for high economic growth (Dreze and Sen 2009, p. 345-8). Sen believes that the Indian democracy is seriously compromised by high inequality and the lack of voice of the disadvantaged, and that democracy does not stand for electoral politics or civil liberties alone. But even in its compromised state, Indian democracy in his opinion offers enough scope for popular movements, agitation and public discourses to flourish and resist the neglect of interests of the underprivileged; hence his passionate advocacy for exploiting the democratic space for “public reasoning” in the form of argumentation, discourses and agitation towards achieving a more just society (Dreze and Sen 2013, p. xii).

Amartya Sen clearly prefers the democratic, rather than the authoritarian way of achieving economic development for several reasons. Civil liberties and democratic rights are desirable goals by themselves as “constituent components” of development, irrespective of the extent to which these are also conducive to economic development. There is also no evidence, supported by serious studies, that democracy is inimical to economic growth; so there should not be a split in the choice of whether one wants development instead of democracy. As long as the economies are booming and the economic fortunes of all classes go up, democratic rights may not be that important; but at the time of any economic crises, the political and economic rights may be desperately missed by those whose livelihoods are severely affected, which in turn may lead to disruptive regime changes. Sen thus argues that the potential capacity of democracy in providing economic security to the vulnerable population may in fact be more extensive than famine prevention (e.g. his thesis of why famine does not occur in a functioning democracy).<sup>16</sup> All these observations have profound implications for the so-called “hybrid democracies” regarding the directions in which they should try to achieve social and economic development.

Beyond Amartya Sen’s writings, there is, of course, a large amount of academic literature seeking to explain the economic success of the East Asian economies; there is also a growing number of more recent studies about how the new democracies (created from the so-called third wave of democratization) flourish or decay and how the nature of ruling regimes - democratic, authoritarian or a mix of the two – effect quality of economic performance. It is now well accepted that developing countries can achieve high economic performance both under democracy – as in India – and under authoritarian regimes, as in contemporary China and the erstwhile East Asian countries. The common element shared between these contrasting regimes is a system of ‘accountability’ at all tiers of governance, which lies behind the more proximate preconditions for

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<sup>16</sup> Dreze and Sen (2009), p. 349.

good economic management such as efficiency and the primacy of public good over private gains through rent-seeking.

The way accountability in the governance system is ensured in a well-functioning democracy is too well-known to need elaboration, but the issue is more complex in the case of the successful authoritarian regimes. In the case of the erstwhile authoritarian regimes in East Asia, the key to ensuring accountability lay in their quality of economic bureaucracies which were “technically insulated” from patronage politics and whose policies were subject to performance-based scrutiny. In China, the governance reforms introduced in the wake of economic liberalisation have put in place a hierarchical system of strict accountability within the communist party’s bureaucracy regarding achieving economic targets. As one commentator on China has aptly brought out the contrast in the structure of performance incentives under democratic and authoritarian regimes: in democracy, politics is interesting while bureaucracy is boring; in China, the reverse is true.

The new breed of authoritarian democracies may try to deliberately pursue an approach of “technical insulation” of economic policymaking, as Malaysia did under Mahathir’s previous regime; but these regimes generally lack the kind of governance effectiveness or party cohesion that is needed for mimicking the purely authoritarian mechanisms of accountability. At the same time, the regimes have the advantage of having some of the democratic accountability mechanisms even with poorly functioning democratic institutions. So long as the ruling regimes face periodic well-participated elections, they are aware of the risk that even flawed or rigged elections may be lost; this may happen if the extent of corruption in high places and the excesses of patronage politics cross certain thresholds of public tolerance. The voice of the opposition party even in a weakly-functioning parliament of elected representatives may sensitise public opinion against excesses committed by the ruling regime. In case of rigged elections and non-functional parliaments, the watchdog bodies and the judiciary can act as a fall back, even when the integrity of these state institutions is compromised to an extent. Beyond these institutional mechanisms of accountability, the media and civic activism can be another fall back. Such a regime also knows that its survival ultimately lies in its legitimacy in the eye of the common people, unless it increasingly resorts to coercive measures to stay in power. In a hybrid regime, that legitimacy can be maintained only by compensating the democratic deficits by delivering visible rapid economic progress.

Herein lies a potential for both a virtuous and a vicious cycle in the new hybrid authoritarian democracies. Strengthening the democratic institutions of accountability may contribute to creating an environment for better economic performance that may in turn enhance the legitimacy of the regime, thus creating incentives for the regime to further loosen its authoritarian grip on those institutions. The opposite is a downward spiral of lesser accountability leading to poorer economic performance and even further curtailing of the democratic accountability mechanisms in the face of declining regime legitimacy. Only countries with exceptionally strong growth drivers may escape such a vicious cycle, at least for some time.

How is Bangladesh currently situated in this governance-development nexus? As already indicated, economic and social progress in Bangladesh has had to contend with a serious problem

of governance dysfunction. One hypothesis is that the progress so far has not been the result of a coordinated overall development strategy pursued by an efficient and accountable governance system; instead, the confluence of various factors and the leading roles of different actors at different times have resulted in often unanticipated outcomes.<sup>17</sup> Yet, such development does not just happen without an active role and support of the government. How does one then reconcile such a role of the government amid widespread governance dysfunction? Although there was a transition from an authoritarian rule to parliamentary democracy in 1991, the political culture is one that does not allow democratic practices to flourish, or one that can hardly deliver an accountable and transparent state. The core governance system is characterized by a dysfunctional parliament, highly confrontational politics, the absence of democratic practice within the major parties, politicisation of the state institutions, a corrupt and inefficient bureaucracy, and a widespread culture of patronage politics in which spoils and privileges are parcelled out to different clientele groups as an essential tool of political management (Mahmud and Mahmud 2014).

Yet, despite such governance dysfunction, the state appears to deliver on many of the welfare promises, as already discussed. One explanation may lie in the fact that not all political incentives have been inimical to achieving the welfare goals. The national elections held under the system of caretaker government since the transition to parliamentary democracy in the early 1990s were seen as fair and credible. People seemed to have demonstrated a willingness to move against regimes once they crossed some vaguely defined threshold with respect to poor governance and corruption, as evidenced by the fall of the successive governments led by the Awami League and the Bangladesh Nationalist Party (BNP). This created an incentive structure in which public representatives tried to respond to the genuine popular sentiments to win re-election while still engaging in rent-seeking activities (Mahmud and Mahmud 2014, Mahmud et al 2008). In some instances, the support for public social spending was seen as a political win-win because the members of parliament could take credit for the expansion of welfare programmes in their constituencies; this was good for their voter base in spite of the leakage of resources, and such spending also provided rent-seeking opportunities for their clients. However, the system of the Caretaker Government has now been abolished by the current Awami League government, which since then has consolidated its grip on power and emerged as the single dominant party. The

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<sup>17</sup> Examples include the donor-supported family planning campaigns in the 1980s; the NGOs that emerged in the post-independence period primarily as relief agencies but later transformed into major developmental agents for service delivery including the provision of microfinance; the combination of various factors that made possible for the export-oriented garment industry to make a foothold in the country and later becoming a major player in the global market; the opening up of the market in the Middle East for the export of unskilled or semi-skilled labour; the pioneering role of certain government agencies such as the Local Government Engineering Department (LGED) that went even beyond its mandate in constructing extensive rural road networks, and so on.

governance system now looks more like that of the so-called hybrid or mixed democracy, so that one needs to reassess the country's prospects for continued progress in the context of such a regime.

Another hypothesis is that the absence of formal accountability mechanisms, such as a functioning parliament or strong state institutions like higher judiciary, has been compensated by certain non-institutional mechanisms. Activism by the media and the civil society has often proved as a countervailing force, as in the case public action for mitigating the seasonal hunger in the Northwest Bangladesh, as discussed earlier. The reason as to why successive regimes in Bangladesh, democratic or otherwise, have felt the need for portraying for themselves a developmental public welfare stance may have even a deeper root. Such a stance is needed for the legitimacy of a ruling regime in the eye of the general public, given the strong economic aspirations of the people that can be traced back to the struggle for independence. The question, however, arises about whether the legitimacy-seeking mechanism of accountability mentioned above could alone provide enough countervailing force against the governance problems that constrain further economic and social progress. Although the governance environment has been barely adequate so far to cope with an economy breaking out of stagnation and extreme poverty, it may increasingly prove a barrier to putting the economy firmly on a path of modernization, global integration, and poverty reduction.

### *Social choice and public reasoning*

With Bangladesh looking increasingly like a one-party-dominated hybrid democracy, the question arises about how to avoid the vicious cycle of further erosion of democratic accountability mechanisms discussed earlier, and, instead, move towards a governance system offering more political and civil liberties. Amartya Sen's passionate advocacy of what he calls "public reasoning" is relevant in this context (Sen 1999, 2009). The idea is to generate public opinion and influence social attitudes regarding important social and political issues through enlightened debates, discussions and agitation, given the space offered by the prevailing governance system for such activities.

The idea of "public reasoning" comes from his firm conviction about the value of reasoned argumentation in resolving contested issues, for which the Indian society (including, of course, the Bengalis) has a long historical tradition, as elaborately discussed in his book, *The Argumentative Indian* (Sen 2005). The idea is also based on the practical extensions he made to the so-called theory of "social choice" - that looks at the possibility of deriving logically consistent preference orderings of the society in a democratic way (e.g. by majority votes). Kenneth Arrow, a Nobel Laureate economist, formalized a hugely pessimistic theory that the democratic rule of majority votes can provide thoroughly inconsistent or illogical preference ordering among, say, some alternative social outcomes.<sup>18</sup> A wide ranging academic discussions on this theory, led by Sen,

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<sup>18</sup> Consider, for example, among three choices, A may be preferred to B by a majority, B may be preferred to C again by a majority and C in turn is preferred to A by a majority as well, which is not logical.

eventually had a major constructive impact on this theory with practical implications for how democratic decisions can be made for the good of the society. For example, the problem can be at least partially resolved in case of certain social preference orderings if individuals can be made more informationally sensitive, such as towards the needs of the disadvantaged. Sen also argued that individual preferences may be made from a 'neutral' standpoint of an individual's value judgment rather than out of his self-interest. Even more importantly, he argued that even consistent preference orderings obtained by majority votes may violate certain minimum ethical standards, such as not protecting the rights of the minorities in a society. All this leads to a case for "public reasoning" based on informed debates and argumentation to sway public opinion in support for such causes as promoting female empowerment or protecting minority rights or various measures towards establishing a just society.<sup>19</sup>

In the context of contemporary Bangladesh, the questions may arise as to how much space is there to demand political rights (e.g. electoral democracy) and whether the curtailment of political rights will allow demands for social rights (e.g. civil liberties, women empowerment, rights of the disadvantaged, environmental protection, reducing public health hazards from pollution, etc.). Much will depend on the freedom of media and space for civic activism, both of which are passionately advocated by Amartya Sen. The ruling regime itself may benefit from public opinion in support of many reforms that are related to sustaining the economic growth momentum but are resisted by vested interests, such as reforms addressing the share market scams or wilful defaults of bank loans that are now beginning to shake the confidence of depositors in the financial institutions, or money laundering resulting in large-scale capital flight, or unlawful grabbing of land including riverbanks, hills and forests that are seriously depleting the already meagre environmental resources. The government may also be more inclined to steer the right course if public discourses can show that, in Bangladesh's socio-cultural setting, economic growth is likely to be helped by the supportive environment of a friendly liberal economic climate rather than by a fiercely ruthless regime or a regime primarily drawing support from crony capitalism and patronage politics (Sen 2009, p. 348).

Social campaigns may also be effective for addressing many adverse aspects of governance where the extent of legal and regulatory enforcement mechanisms interact with the evolution of moral standards: the poor work ethics in government agencies leading to widespread corruption, the culture of large-scale tax evasion, food adulteration, or pollution and environmental degradation.<sup>20</sup> Then there are social issues like child marriage or child labour which are more in the domain of social norms and attitudes than that of governance reforms. After all, much of Bangladesh's achievements so far are due to the ingenuity and entrepreneurship of the common people often helped by effective social campaigns. Efforts for achieving further progress in many such areas may not wait for political rights of electoral democracy and civil liberties to be fully

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<sup>19</sup> Of course, there will be a diversity of perspectives and priorities of individuals or groups of individuals which may not be all amenable to reconciliation, but that should not diminish the value of "public reasoning".

<sup>20</sup> In this context, Amartya Sen observed that the notion of 'accountability' should be understood as distinct from that of 'responsibility' in the discharge of duty by, say, a public official; comments made at the session in which this paper was presented.

restored. At least that much lesson may be learnt by rereading and reinterpreting Amartya Sen's writings in the context of contemporary Bangladesh.

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