**The Legacy of Bangladesh’s Struggle for Economic Freedom**

Dr. Atiur Rahman

Bangabandhu Sheikh Mujibur Rahman gave a clarion call for economic freedom in his historic speech of 7 March 1971. This call embraced social, economic and political freedom. The whole nation started a non-cooperation movement at his call. After nine months of bloody struggle during which he was in jail in West Pakistan, Bangabandhu finally took the reins of the newly independent Bangladesh in January 1972. He immediately assured his countrymen that he would take every step necessary to achieve his dream of “Sonar Bangla,” or “Golden Bengal,” with his people’s support.

He pulled a newborn country from ashes to the path of prosperity, relying on the fighting spirit and big dreams of his people. This was an unprecedented journey of transformation that overcame many challenges. Many international observers said that Bangladesh was going through a Malthusian paradigm with so many people and so little resources. The US State Department trashed Bangladesh as an ‘International Basket Case’ in late 1971 and others thought that Bangladesh was an ideal ‘Test Case of Development’. Defying all odds, Bangladesh moved on, keeping its head high under the strong leadership of Bangabandhu. He presented a rights-based constitution within only eight months of liberation. This was followed by the First Five Year Plan, which was prepared within a year and half to “provide a sense of direction and determine the order of priorities within the framework of which coherent and consistent policies and programs could be formulated” (Bangabandhu, ‘Foreword’ to the First Five Year Plan). “Social transformation consistent with our political objectives has been foremost in our mind,” said Professor Nurul Islam, the then Deputy Chair of the Planning commission, in the ‘Preface’ to the Plan document.

Indeed, this was a socio-economic transformational plan. Bangabandhu’s visionary economic development strategy had three elements. Firstly, it pursued self-reliance utilizing national resources as efficiently as possible. Secondly, it welcomed foreign aid conditionally in priority sectors initially and pledged to reduce its share subsequently. Thirdly, as Pakistani entrepreneurs left Bangladesh, it implemented a mixed economy-initially state-led for obvious reasons-to ensure social justice, but quickly complemented it with the potential private sector investment. The 1974-75 budget raised the private investment ceiling from Taka 2.5 million to Taka 30 million to promote small and medium enterprises. The budget also allowed deregulation of 133 earlier nationalized enterprises. Despite a number of challenges, the economy of Bangladesh was making speedy progress under the leadership of Bangabandhu. This became clear from the rise of per capita income from USD 93 in 1972 to USD 272 in 1975. On the contrary, in the absence of Bangabandhu the per capita income plummeted to USD 138 in 1976 and even lower at USD 128 in the following year. As evidenced during the Asian Financial crisis in the 1990s, his emphasis on small and medium enterprises and agriculture proved to be a successful strategy of macro-economic stability and social cohesion.

Bangladesh certainly lost its way in the absence of Bangabandhu. Thanks to his able daughter Sheikh Hasina who took charge of Bangladesh after twenty-one years of our greatest national loss, and brought back on track Bangabandhu’s inclusive development strategy which focused on benefiting the disadvantaged. But unfortunately there was another setback in 2001 when Bangladesh lost the continuity of the government. It took eight more years for Sheikh Hasina to return to the helm of the government. Since 2009, Bangladesh has been moving (prominent economists like Kaushik Basu terming it to be ‘booming’) at an accelerated pace. The growth rate has jumped to 8.1% from 5.7% since then. The per capita income increased to USD 2000 in 2019 from USD 900 in 2009. If this trend continues, then the economy could double in the next decade or so and it will be on its way towards developed country in 2041. Besides spectacular growth performance, the country has witnessed a dramatic fall in poverty to about 20.5% and extreme poverty to about 10.5% in 2018-19 fiscal year against 31.5% and 17.6% in 2009-10 respectively. The total national consumption tripled and investment quadrupled in this period. Thanks to a number of mega projects, the public investment has picked up significantly along with the private sector investment which tripled to six trillion Taka during the last decade. The total export earnings was USD 15.5 billion in 2008-09, which rose to nearly USD 40 billion in ten years. FDI has also been flowing into Bangladesh at a significant pace. The remittance has been a strong pillar, more than doubling to USD 16.4 billion in 20019-20 from USD 7.9 billion in 2007-08. The foreign exchange reserve increased more than five times from USD 6.1 billion in 2007-08 to USD 32.2 billion in 20019-20. And the government undoubtedly had guts to implement the mega Padma project with its own resources.

The progress in social development indicators has been equally impressive. The maternal mortality dropped from 3.48 per thousand in 2008 to 1.69 in 2018. The drop in infant mortality from 41 per thousand live births to 22 during the same period is equally stunning. The life expectancy went up to 73 years from 66.6 years in this period. Women empowerment bolstered through the processes of enhanced incentivized girls education and greater participation of female labour force in the formal sector including export-led manufacturing industries was key to this macroeconomic transmission. In other words, Bangabandhu’s daughter has been rising up to the people’s expectations despite many challenges. Like Bangabandhu she has pursued a balanced economy, providing enough space for the private sector without losing sight of the need for human resource development with public investment support. Her development strategy promotes high growth with inclusivity and remains faithful to heritage. At the same time it embraces technology (including leading a ‘Digital Bangladesh’ campaign), believes in collaboration, and promotes self-reliance. Her government is boldly facing the challenges of how to quickly generate more employment, strengthen institutions to raise Tax-GDP ratio and improve overall governance including that in the financial sector, ensure food and nutrition for all, provide electricity to all, diversify exports, manage growing urbanization and above all address climate change challenges. And now it faces the menacing coronavirus pandemic. In addition to being a human disaster, it also has a huge economic and financial implications including the danger of a meltdown which is already on globally.

However, Bangladesh is a resilient country. It has been doing quite well in facing climate change and other disasters. The central bank and the government implemented ‘out of box’ innovative inclusive policies in 2009 and weathered the global financial crisis well. The incentives provided to agriculture, SMEs and export sector helped bolster both demand supply side responses to that crisis. As a result Bangladesh maintained its continuous accelerated growth process with seamless reduction in poverty. I am sure the government and the central bank will come forward to provide incentives and stimuli to the private sector, with adequate social security support for the extreme poor. We got to remain focused on the SMEs and small units to keep the bottom of the social pyramid economically engaged at any cost. Let us not panic and be prepared to address both the human and economic dimensions of this crisis. Let us move fast to protect and equip our healthcare providers who are indeed the ‘frontline soldiers’ and bolster social distancing strategies. The government alone cannot comprehensively face this disaster. Society at large must wake up and help reduce the further spread of this menace. We must stand together to fight this war as well. We have won many such wars in the past. Let us do it again. Let’s remain connected.

Author : Dr. Atiur Rahman is Bangabandhu Chair Professor at the University of Dhaka and a Former Governor of Bangladesh Bank.