

# BANGLADESH-

## Test case in economic growth?

FOR YEARS, Bangladesh has been regarded as the test case in terms of economic development. It has so many problems, so many of the classic difficulties of development that if it succeeded, so the argument used to go, then no other country in the world would have to suffer poverty and deprivation. If Bangladesh could carve out a moderate and relative prosperity, the Third World could confidently set out on the development road.

The proponents of the theory, however, have had some bad days. After independence in 1971, the mismanagement, corruption, and brutality of the regime of Sheikh Mujibur Rahman left most hanging their heads in despair. The floods and famine of 1974, when bodies rotted in the streets as government officials cheerfully smuggled crucial food and aid to India, seemed the last straw.

"People were starving to death, all the development plans were in tatters," one western aid official recalled. It was a hopeless situation. "Even the optimists were pessimists about the future then. We knew technically what could be done but there was no way to do anything with the political structure."

Three years later, the situation has radically changed. Indeed, western aid and relief officials and their governments are now actually trying to cut the massive food aid allocation altogether next year. In the cities, there are signs of prosperity, Bangladesh's food is available, the desperate feeding stations in Dacca are closed, the gaunt and starving figures looting on street corners have gone.

"To anyone who saw this place three or more years ago, the difference is extraordinary," a Western diplomat observed. "Things are moving, people seem to have some hope."

For probably the first time, the country is now in a position to seriously tackle the daunting economic and social problems. After a succession of coups, assassination, and political trauma, Dacca has now had political stability for more than a year under the martial law regime of Major General Ziaur Rahman, a war hero who seems genuinely popular within the country.

Though nothing is certain given the instability of the

past, observers now feel that under Zia, Bangladesh should have a period of consolidation — essential if development plans are to be implemented with any seriousness. "Throughout the Third World, political stability has been a prerequisite of economic progress; nothing gets done if the bureaucrats are hedging their bets, if they are afraid of making decisions because they do not know who is coming around the corner," an Australian diplomat said.

However, it would be wrong to exaggerate the prospects for the country. The improved economic situation — and in Bangladesh this basically means more and cheaper rice — is mainly the result of two successive bumper harvests. There have been administration reforms and improvements in agricultural technology, but their effect has been marginal in relation to the weather.

The biggest man-made change has arisen from the clampdown on smuggling. Under the Sheikh, this was draining the country of any hope. But under Zia, there has been a tough policy on smuggling — those suspected were hauled before the martial law courts or dispatched on the spot. The smuggling routes were relatively simple to cut off but before Zia, the political elite was itself pocketing money from smuggling and had no incentive to choke it off.

Outsiders and the foreign relief experts who have for years infested Bangladesh seem more optimistic than those within the regime. General Zia advises caution against the "rosy picture," as he terms it, painted of the country in the past 12 months or so. He also gives a warning that the economic situation could once again collapse if there were another natural disaster this year. Since Bangladesh traditionally is hit by floods or harvest failures on average in three years out of five, the warning is clearly necessary.

The stark reality is that if the country is to avoid the nightmare marked out for it in the past, then it must have many years of slow consolidation and development. The difficulties themselves are enough to daunt even the most optimistic.

In just 55,000 square miles of land area there are 81 odd million people, the most

crowded country in the world. More than half the population is already malnourished, the infant mortality rate is the highest in the world.

Agriculture accounts for 95 per cent of economic activity and it is beset with long-term problems. Though about one third of the 22 million acres of land suitable for cultivation could be used for the new high yielding rice varieties, there are great technical difficulties. The "miracle rice" demands a degree of sophistication in agriculture that has been lacking. Fertilisers have to be available at precise times, pesticides, and irrigation facilities are needed. At the moment only about one million acres is under this improved rice cultivation and fearsome and expensive difficulties remain if this is to be increased.

Yet without it, the growing population will just not be fed. For the past two years, grain imports, usually free or tied to low interest credit, have come to just 1 million or so tons a year. In a bad year this would have to be doubled.

Yield per acre in Bangladesh is very low — a fifth of the Japanese level. Some UN and other organisations have calculated that by 1985 Bangladesh could be self-sufficient in food but this presupposes radical changes in techniques. There is doubt whether these can be introduced on the scale required.

For the immediate future, the regime is pushing hard for exports and the substitution at home of imports currently producing such foreign trade imbalance. Most observers support the cautious economic policies introduced over the past year to provide incentives for the farmers and the private sector.

An indication of the growing self-confidence within the country is the hardening attitude towards the legions of foreign experts and advisers resident in Dacca. Traditionally, recipients of assistance bite the hands that (previously) fed them. But in Bangladesh's case, there is tremendous relief that the country has now got to the point where it can begin to assail the outsiders instead of cringing before them.

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