Bangladesh in Comparative Perspective

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Section-1

FROM DEVELOPMENT PESSIMISMS TO DEVELOPMENT SURPRISES

Early Pessimisms and Subsequent Surprises

Bangladesh was labeled with many pessimisms:

- **Agrarian pessimism**
  - Lack of technological progress
  - Oppressive agrarian structure
  - Endemic food scarcity and mass poverty
- **Population pessimism**
  - Neo-Malthusian pessimism
  - Low female education, status, and voice
  - Conservative social norms
- **Market pessimism**
  - Lack of private entrepreneurship (first generation entrepreneurs)
  - Weak state and weak industrial policy
  - Export pessimism (dependence on primary goods)

- All of these pessimisms later proved to be incorrect

Bangladesh at 25 versus Bangladesh at 50

- **Even as late as 1997, when Bangladesh was at 25, Abdullah and Sen (1997) concluded** *"Bangladesh is in a dire state. But it could have been much worse. In some areas, we have achieved successes that are truly celebratory. In fact, the situation did not worse or at least did not deteriorate compared to the situation in 1970. This is not an inconsequential achievement. Areas where improvements have been registered must be seen as an unexpected bonus."*
- **Clearly, there is a need for revisiting the assessment of economic and social performance of Bangladesh at 50.**

Methodology of Comparisons

- **The success of Bangladesh in overcoming these pessimisms can be tested through the following routes**:
  - Comparisons with others in the region (for example, with Pakistan and India)
    - Specifically, we track relative progress of Pakistan and India vis-à-vis Bangladesh during 1990-2020
    - The comparisons are made across four specific sub-periods: **Early 1990s** (1990-1995), **Early 2000s** (2000-2005), **Early 2010s** (2010-2015), and **Late 2010s** (2016-2020).

  - Comparisons between 'predicted' and 'actual' outcomes
    - Specifically, we compare the actual progress of Bangladesh with its *predicted* progress for the given income level by taking into consideration the experience of the (a) "low income countries" and (b) "low and lower-middle income countries" in the World Bank ranking
    - We also use the WDI data base as the common platform for inter-country and within-country comparisons.

Main Findings

- **Bangladesh versus Pakistan: Growing Divergence**
  - At the time of independence, Bangladesh was lagging behind Pakistan in most economic and social indicators
  - By late 2010s, it has crossed the level of Pakistan in most economic and social indicators

- **Bangladesh versus India: Catching up in some and exceeding in others**
  - In many social indicators, especially in gender-specific indicators, Bangladesh outperformed India
  - This is true for some economic indicators such as manufacturing sector's share in the GDP, female labor force participation rate, and urbanization rate
  - In other economic indicators, it is fast catching up with India

- **In this presentation, we track comparative progress seen through the following junctures: early 1990s, early 2000s, early 2010s, and late 2010s**
  - It clearly appears that the major turnaround point for Bangladesh in economic and social progress was in the decade of 2010s
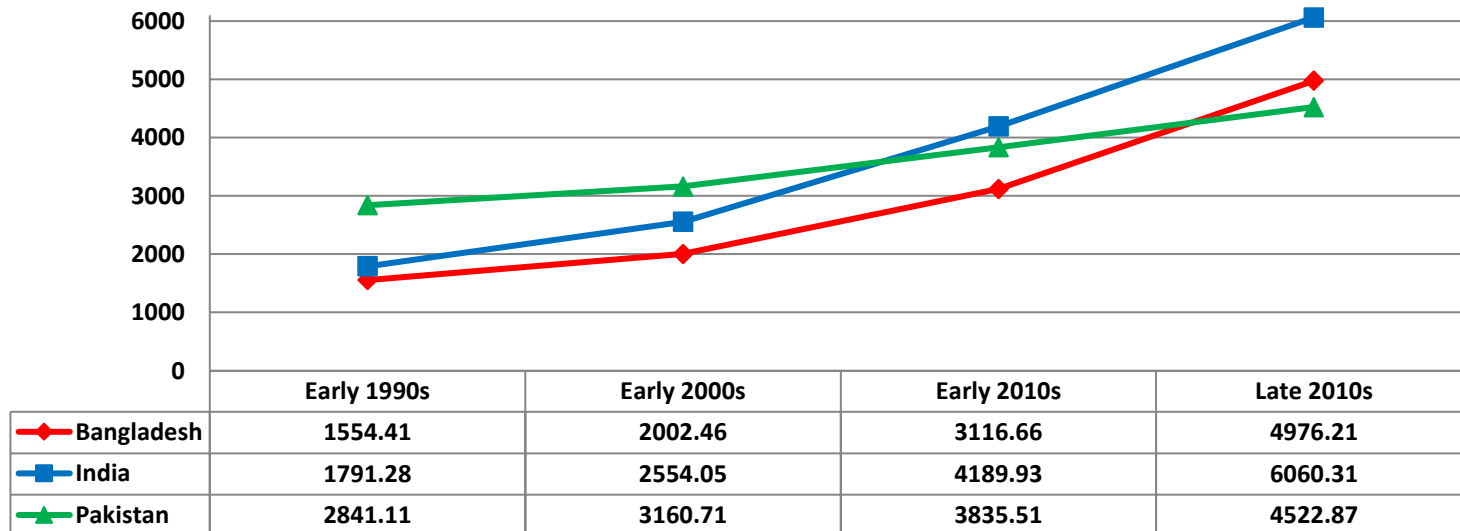
Section-2

BANGLADESH'S COMPARISON WITH REGIONAL NEIGHBORS: ECONOMIC INDICATORS

Economic Growth: Level of GNI per capita (constant 2017 international $)

- In early 1990s, Bangladesh's per capita GNI was **only 55%** of the per capita GNI of Pakistan; however, by late 2010s, it was **10% higher** than that of Pakistan

- In the early 1990s, Bangladesh's per capita GNI was around **87%** of the per capita income of India. The gap expanded to **74%** during the 2000s. By the late 2010s, it narrowed down to **82%.**

GNI per capita, PPP (constant 2017 international $)

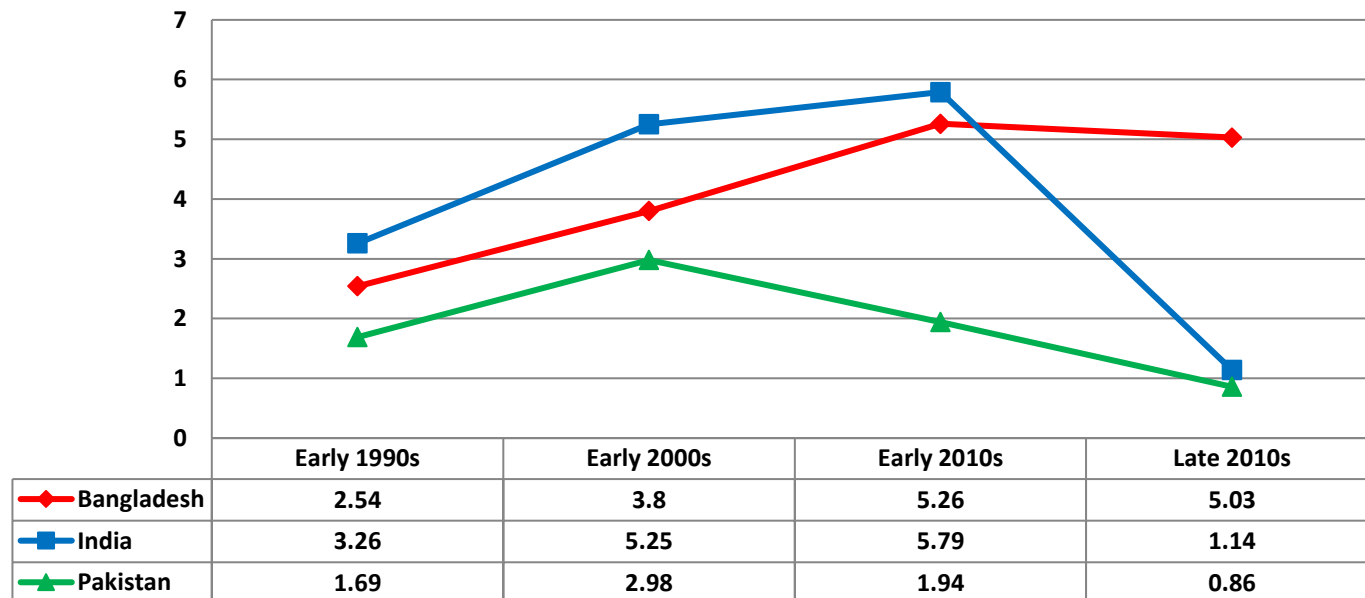|	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	1554.41	2002.46	3116.66	4976.21
India	1791.28	2554.05	4189.93	6060.31
Pakistan	2841.11	3160.71	3835.51	4522.87

Source: World Development Indicators (World Bank)

Economic Growth: Average Annual Growth Rate of GNI per capita (constant 2017 international $)

- In terms of growth rate of the economy, Bangladesh consistently outperformed India and Pakistan since early 2010s

GNI per capita, PPP (constant 2017 international $) growth rate

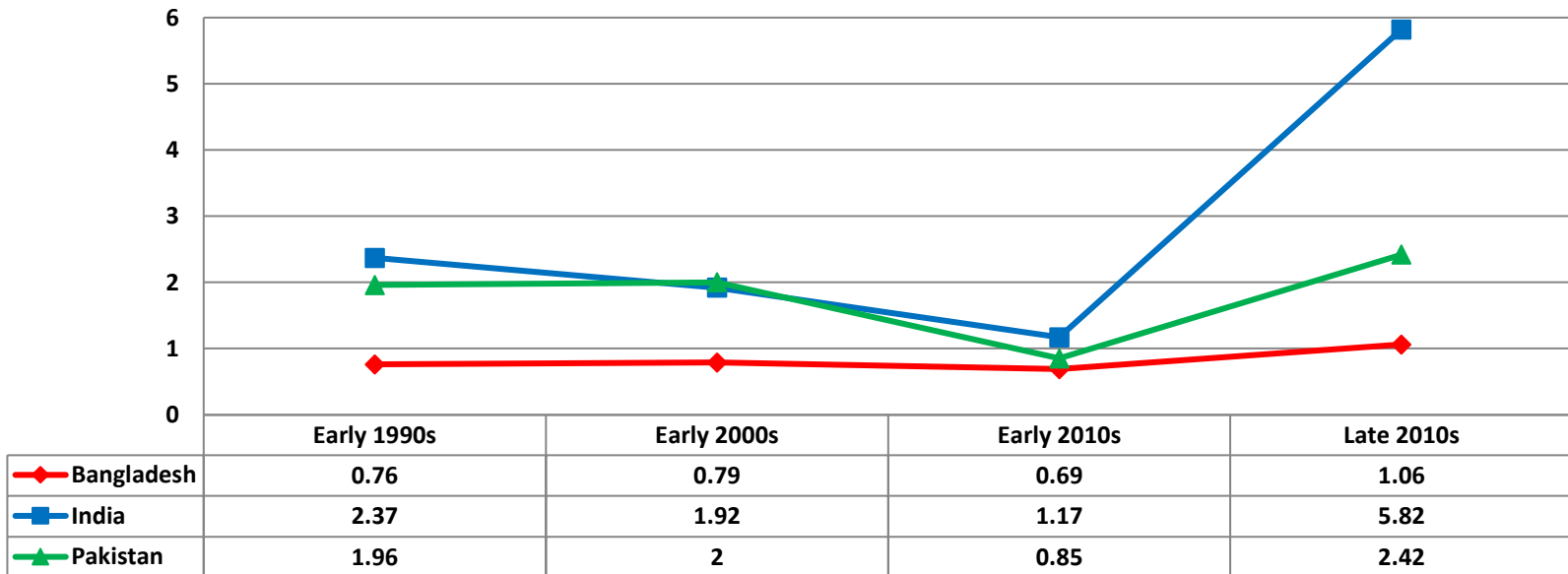|	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	2.54	3.8	5.26	5.03
India	3.26	5.25	5.79	1.14
Pakistan	1.69	2.98	1.94	0.86

Source: World Development Indicators (World Bank)

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Growth Volatility

- Bangladesh's growth performance was marked with least volatility among all three South Asian countries

- Although growth volatility (defined as standard deviation of the growth rate in a growth interval) of Bangladesh increased in **late 2010s**, it is still lower than that of India and Pakistan

Growth volatility using GNI per capita (PPP, constant 2017 $) growth rate

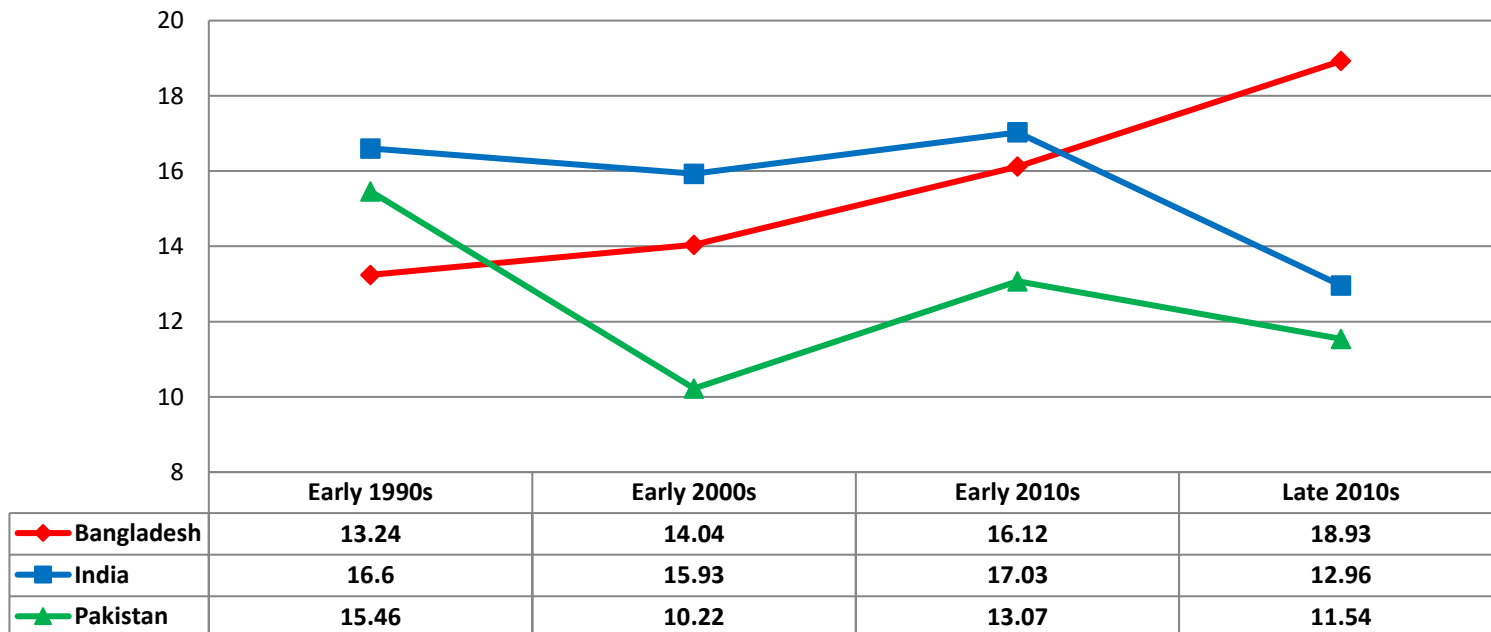|	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	0.76	0.79	0.69	1.06
India	2.37	1.92	1.17	5.82
Pakistan	1.96	2	0.85	2.42

Source: World Development Indicators (World Bank)

Manufacturing Sector

- Bangladesh is fast-becoming a **Manufacturing Nation**

- To a large extent this explains Bangladesh's catch-up performance with respect to its regional neighbors in economic and social parameters

Manufacturing, value added (% of GDP)

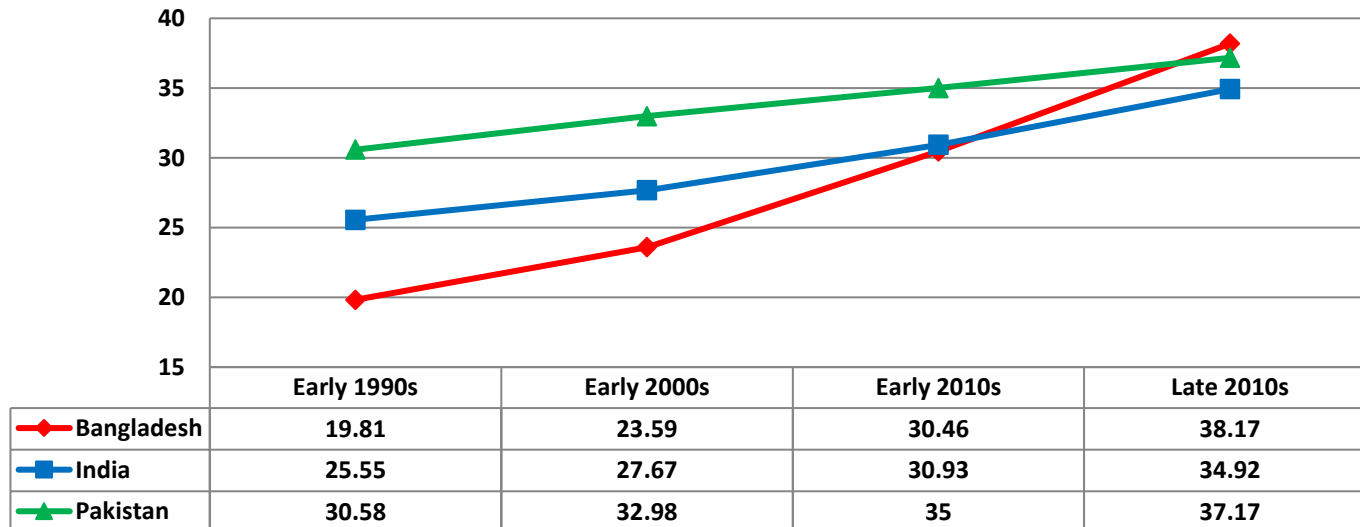|	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	13.24	14.04	16.12	18.93
India	16.6	15.93	17.03	12.96
Pakistan	15.46	10.22	13.07	11.54

Source: World Development Indicators (World Bank)

Urbanization

- Success in urbanization of Bangladesh is reflective of its success in manufacturing sector

- Bangladesh had the lowest urbanization rate in the early 1990s. By late 2010s, it had the highest level of urbanization compared to its regional neighbors.

Urban Population (% of total population)

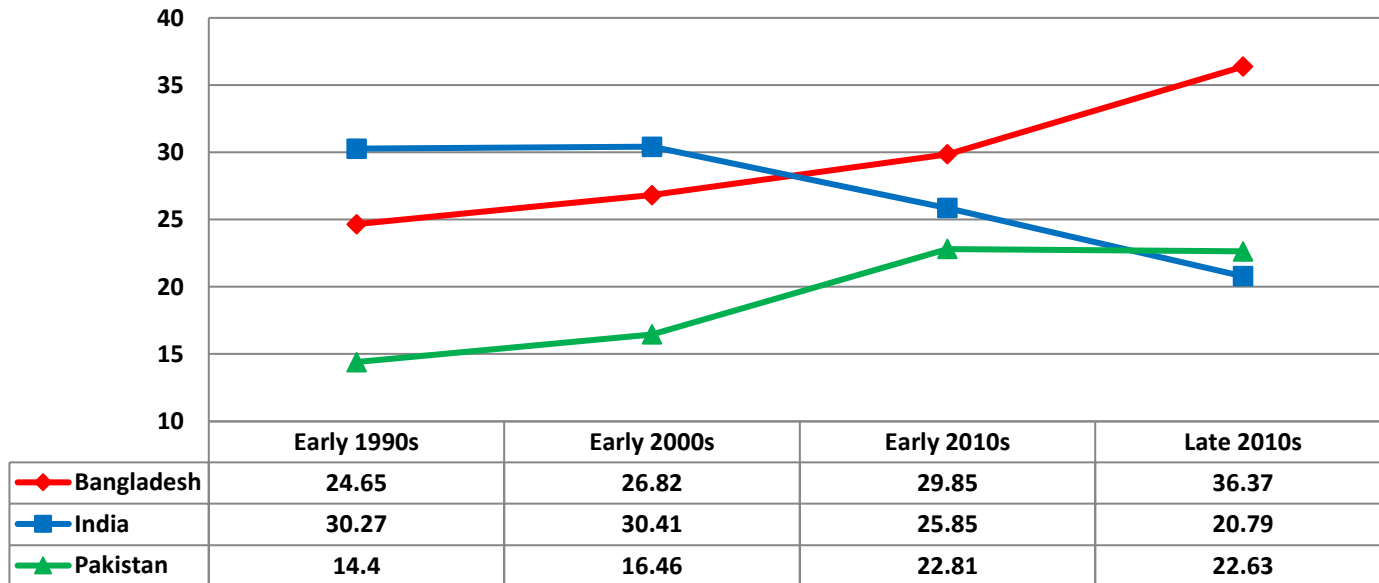|	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	19.81	23.59	30.46	38.17
India	25.55	27.67	30.93	34.92
Pakistan	30.58	32.98	35	37.17

Source: World Development Indicators (World Bank)

Female Labor Force Participation

- One of the causal links that augers with the success of manufacturing sector of Bangladesh is linked with the consistent rise in the nation's female labor force participation rate compared to that of the regional neighbors

Labor force participation rate, female (% of female population ages 15+)

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	24.65	26.82	29.85	36.37
India	30.27	30.41	25.85	20.79
Pakistan	14.4	16.46	22.81	22.63

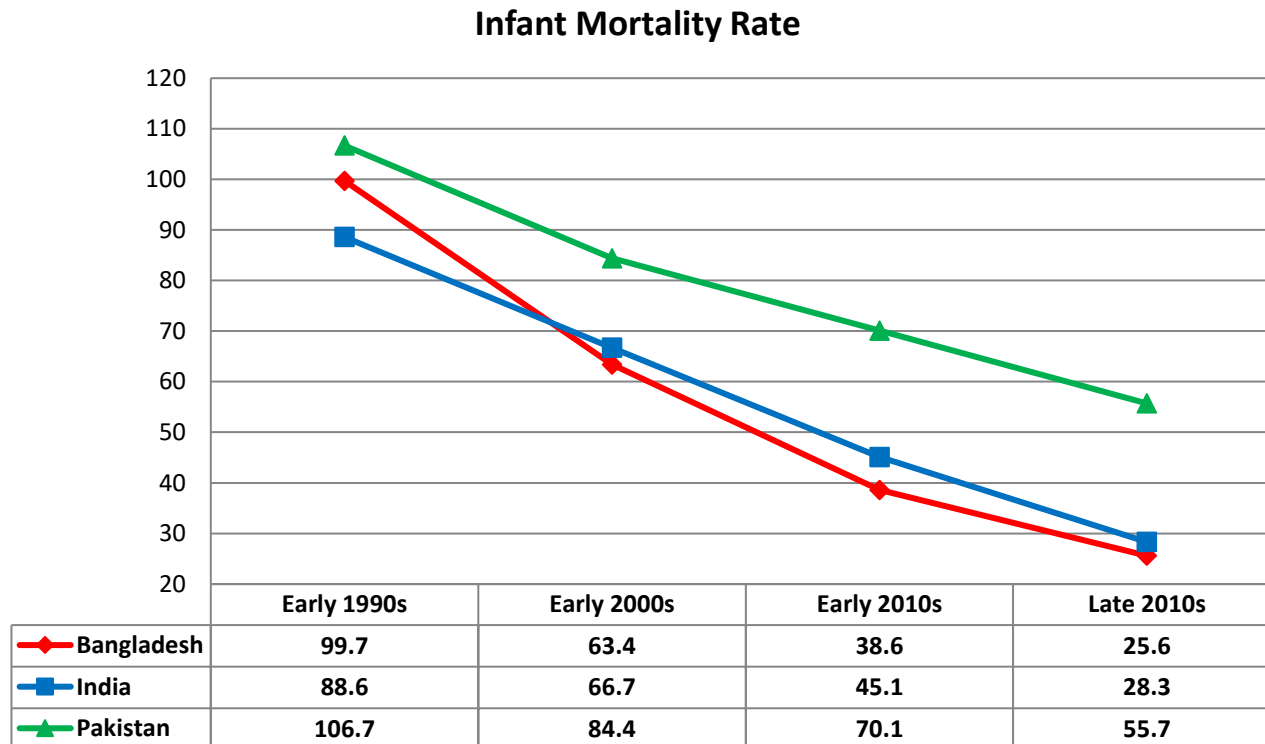*Source: World Development Indicators (World Bank)*

BANGLADESH'S COMPARISON WITH REGIONAL NEIGHBORS: SOCIAL INDICATORS

Overall Findings on Social Indicators

- **Bangladesh has way ahead of Pakistan in most social indicators:**
  - Infant mortality rate
  - Under-5 mortality rate
  - Total fertility rate
  - Life Expectancy at birth
  - Adult literacy (total and female)
  - Female primary and secondary school enrolment rates

- **In respect of these indicators, "Bangladesh shows the way" (Dreze 2004; Dreze and Sen 2012) for other developing countries including India.**

Health well-being indicators: IMR

- Despite having a higher infant mortality rate compared to that of India in the early 1990s, Bangladesh managed to reduce its infant mortality rate below that of both India and Pakistan from the early 2000s onwards.

Infant Mortality Rate

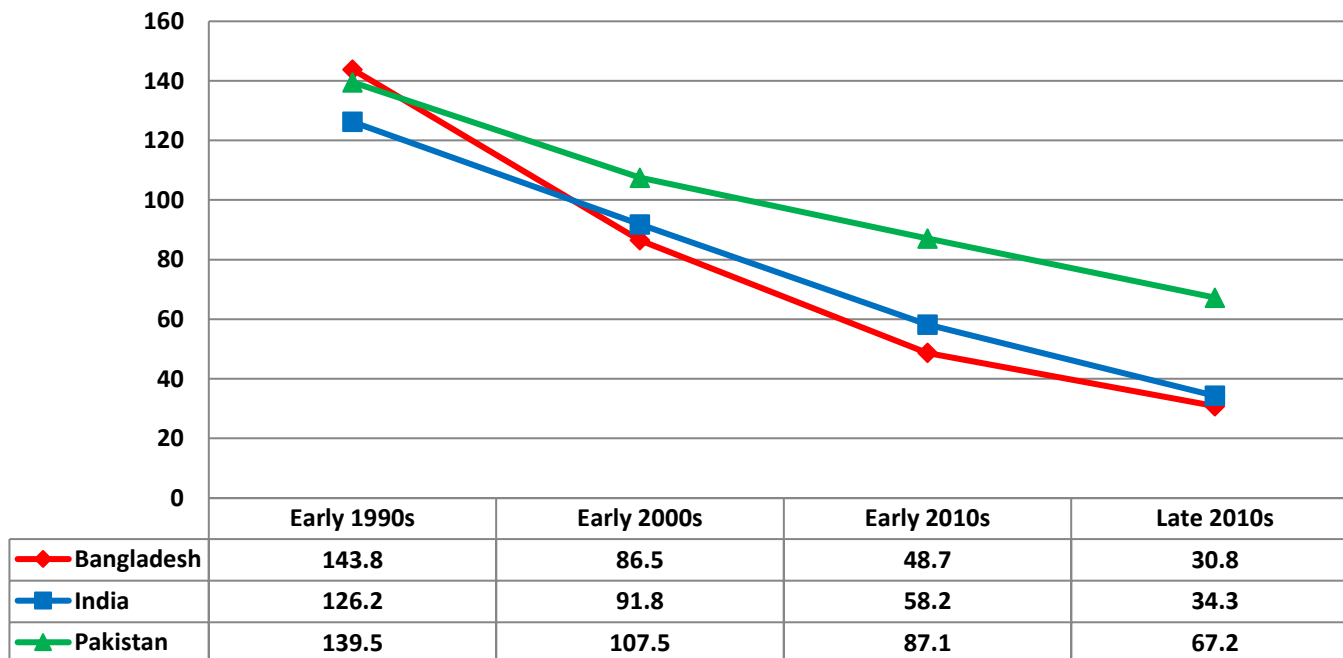|	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	99.7	63.4	38.6	25.6
India	88.6	66.7	45.1	28.3
Pakistan	106.7	84.4	70.1	55.7

Source: World Development Indicators (World Bank)

Health well-being indicators: U5MR

- Although the under-5 child mortality rate of Bangladesh was higher compared to that of India and Pakistan in the early 1990s, it became lower than both the regional neighbors from the early 2000s onwards.

Under-Five Child Mortality Rate

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	143.8	86.5	48.7	30.8
India	126.2	91.8	58.2	34.3
Pakistan	139.5	107.5	87.1	67.2

Source: World Development Indicators (World Bank)

Health Wellbeing Indicators: TFR

- Despite having a higher total fertility rate (TFR) compared to India in the early 1990s, Bangladesh managed to reduce its TFR below that of India and Pakistan from the early 2000s onwards

Total Fertility Rate

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	4.495	3.169	2.324	2.011
India	4.045	3.311	2.581	2.202
Pakistan	6.164	5.037	3.951	3.454

Source: World Development Indicators (World Bank)

Health Wellbeing Indicators: Stunting

- Although the prevalence of stunting rate of Bangladesh was higher compared to that of India and Pakistan in the early 1990s, it became lower than both the regional neighbors in the late 2010s.

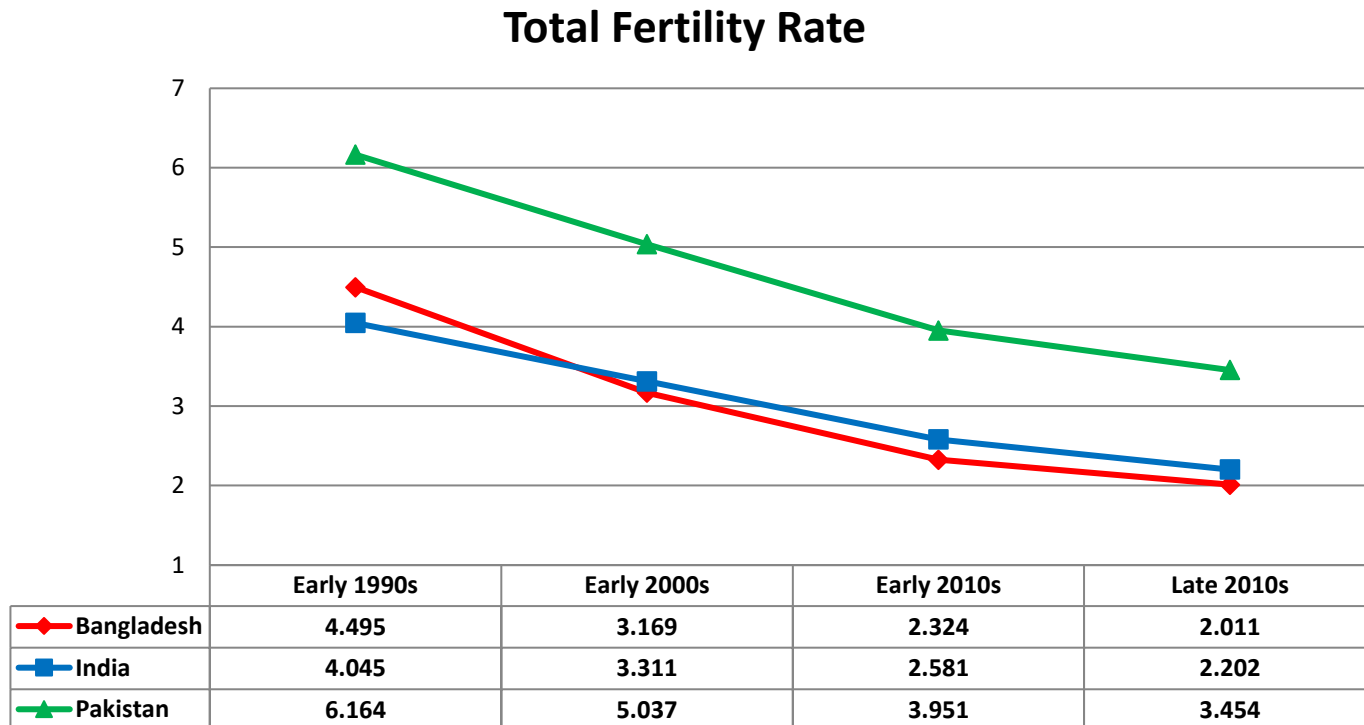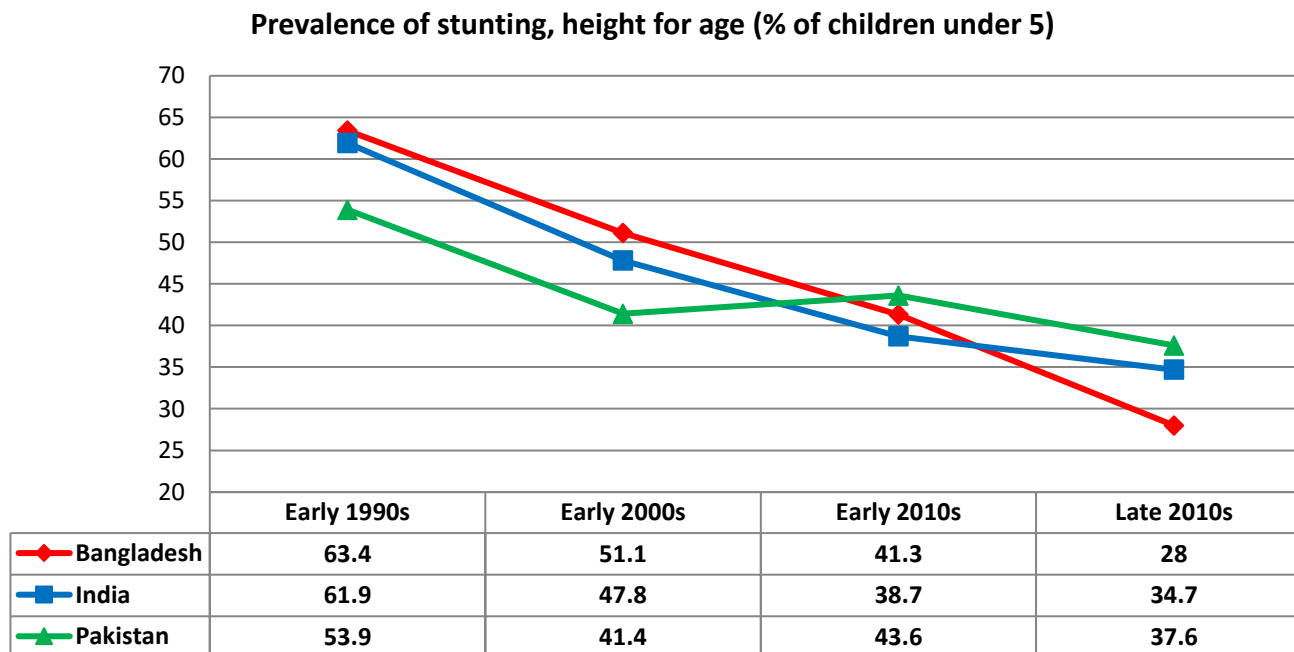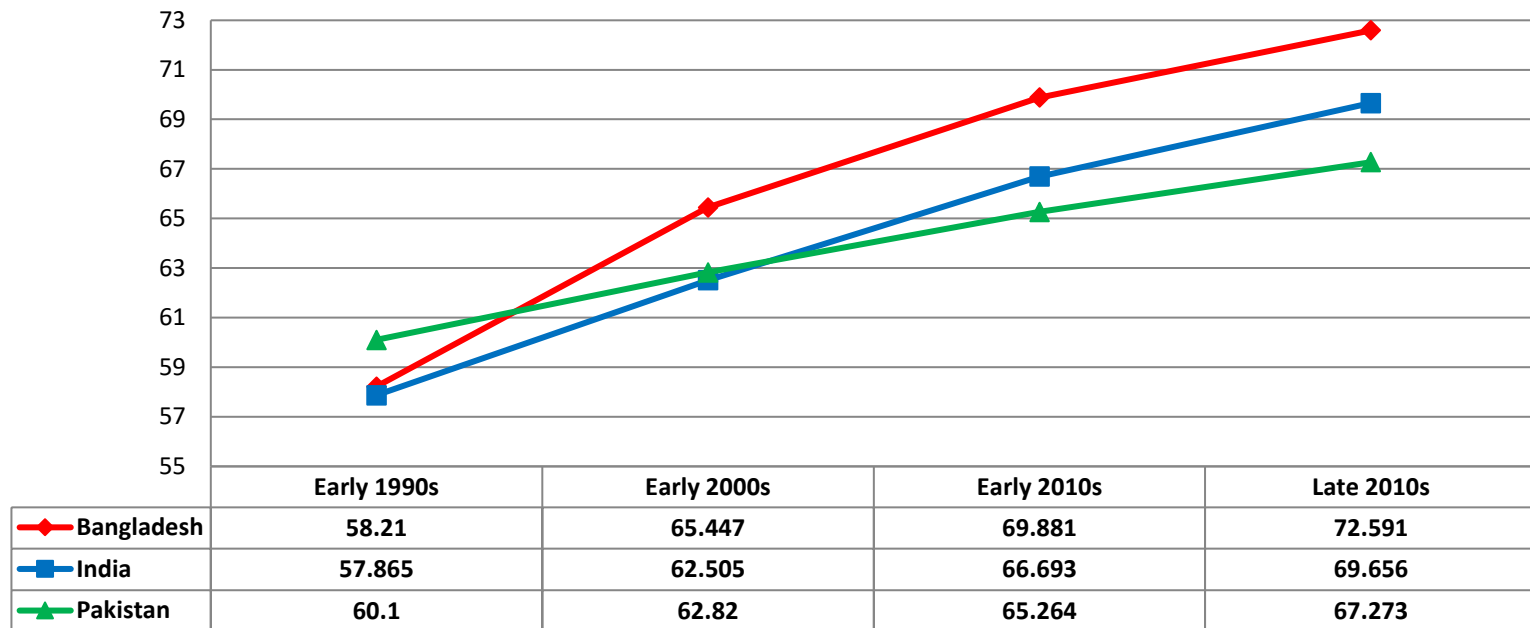**Prevalence of stunting, height for age (% of children under 5)**

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	63.4	51.1	41.3	28
India	61.9	47.8	38.7	34.7
Pakistan	53.9	41.4	43.6	37.6

Source: World Development Indicators (World Bank)

Health Wellbeing Indicators: Life Expectancy

- In the early 1990s, the average longevity in Bangladesh was higher than that in India but lower compared to that in Pakistan. However, from the early 2000s onwards, the Bangladesh managed to outperform its regional neighbors.
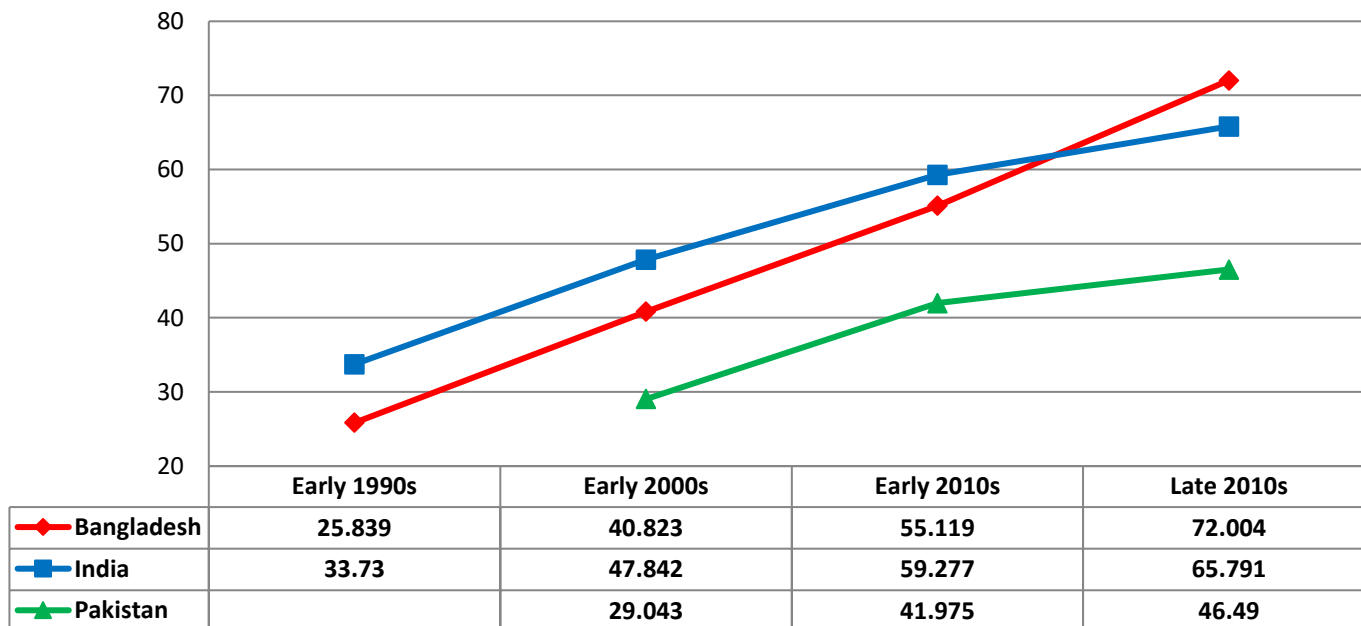
Life Expectancy at Birth

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	58.21	65.447	69.881	72.591
India	57.865	62.505	66.693	69.656
Pakistan	60.1	62.82	65.264	67.273

Source: World Development Indicators (World Bank)

Educational Wellbeing Indicators: Female Literacy Rate

- Until the early 2010s, the female literacy rate in Bangladesh was below that of India. However, in the late 2010s, Bangladesh's female literacy rate went above vis-à-vis both India and Pakistan.
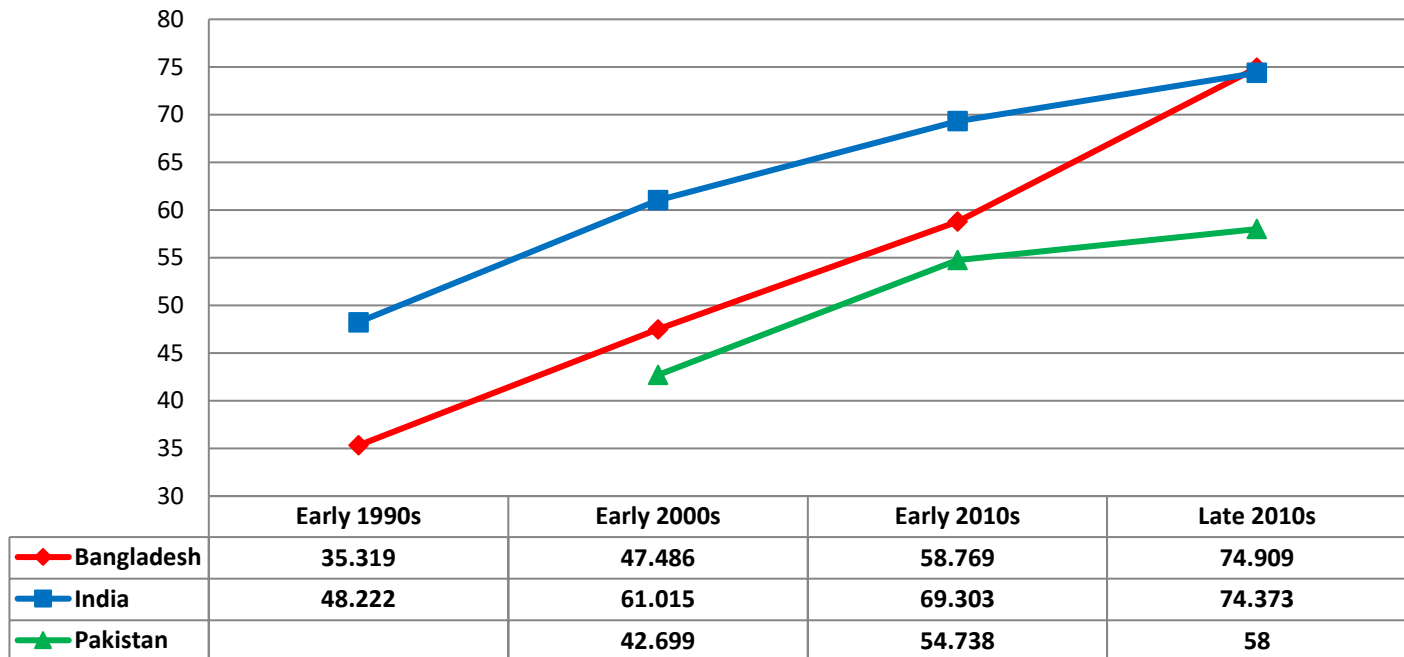
Adult Literacy Rate (Female)

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	25.839	40.823	55.119	72.004
India	33.73	47.842	59.277	65.791
Pakistan		29.043	41.975	46.49

Source: World Development Indicators (World Bank)

Educational Wellbeing Indicators: Total Literacy Rate

- Despite the total literacy rate of Bangladesh being lower than that of India in the early 2010s, the nation managed to catch up with India in the late 2010s.

Adult Literacy Rate (Total)

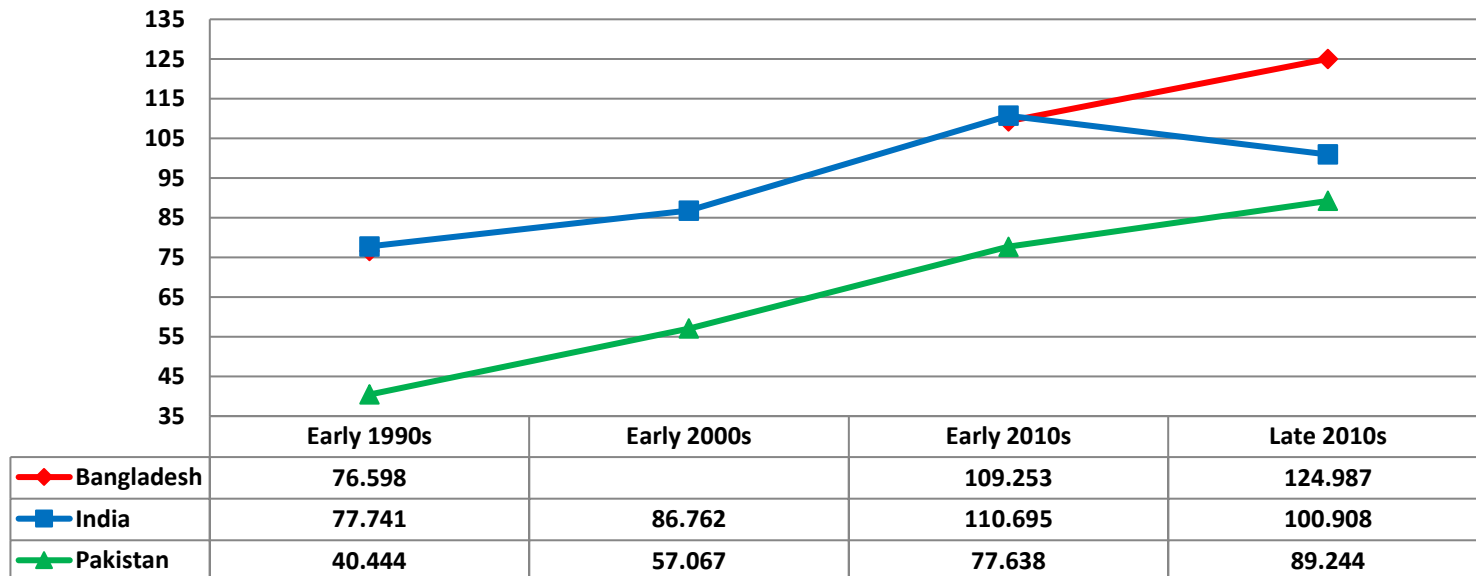|	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	35.319	47.486	58.769	74.909
India	48.222	61.015	69.303	74.373
Pakistan		42.699	54.738	58

Source: World Development Indicators (World Bank)

Educational Wellbeing Indicators: Female Primary School Enrolment Rate (gross)

- Until the early 2010s, the female primary school enrolment rate of Bangladesh was slightly below that of India. However, in the late 2010s, the female primary school enrolment rate of Bangladesh became significantly higher than that of India and Pakistan.
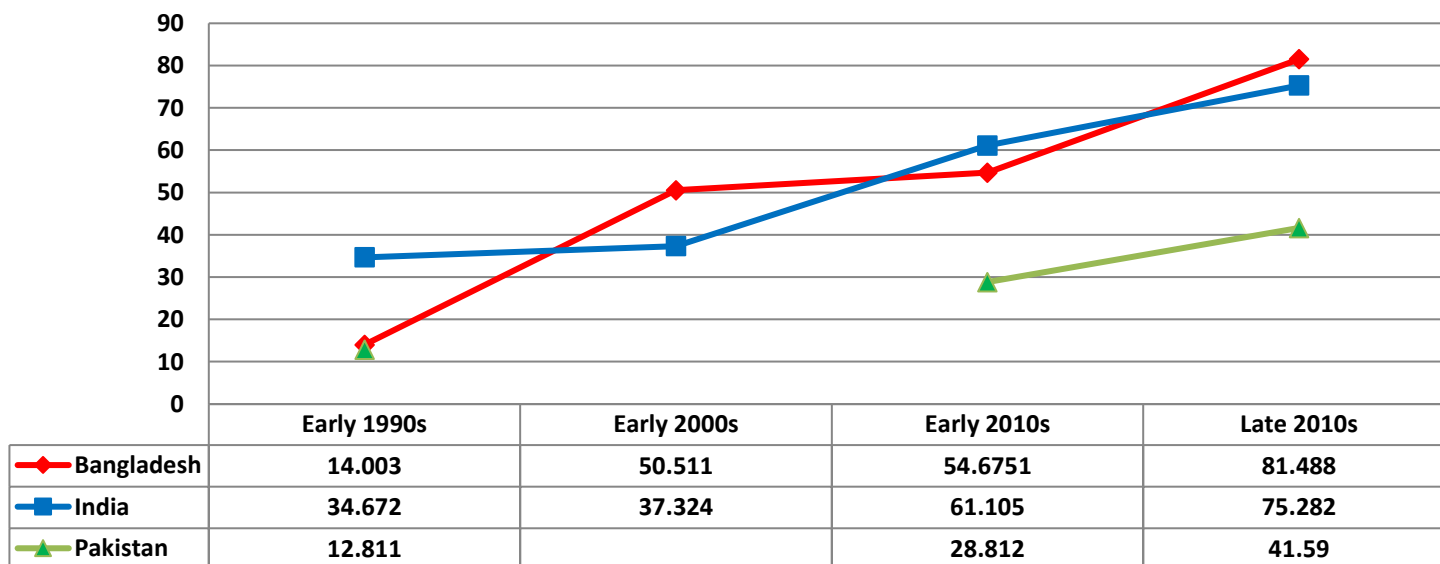
Female Primary School Enrolment rate (% gross)

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	76.598		109.253	124.987
India	77.741	86.762	110.695	100.908
Pakistan	40.444	57.067	77.638	89.244

Source: World Development Indicators (World Bank)

Educational well-being indicators: Female Secondary School enrolment rate

- In the early 1990s, Bangladesh's female secondary school enrolment rate was lower compared to that of India but in the early 2000s Bangladesh managed to raise its female secondary school enrolment rate above that of India. However, this performance could not be sustained in the early 2010s during which Bangladesh's female secondary school enrolment rate slipped below that of India. Nevertheless, in the late 2010s, Bangladesh once again manage to outperform India by increasing its female secondary school enrolment rate above that of India.

Female Secondary School Enrolment rate (% gross)

	Early 1990s	Early 2000s	Early 2010s	Late 2010s
Bangladesh	14.003	50.511	54.6751	81.488
India	34.672	37.324	61.105	75.282
Pakistan	12.811		28.812	41.59

Source: World Development Indicators (World Bank)

POVERTY AND INEQUALITY

Social well-being indicators: Poverty

- Bangladesh has made impressive progress in reducing poverty over the last three decades.
  - It is indicated both by 1.90US$ and 3.20US$ international poverty lines
- Bangladesh's level of extreme poverty is lower than that of India.
- Paradoxically, Pakistan has maintained consistently low levels of poverty in the range of 4%-8% in the 2010s notwithstanding its poor performance in other economic and social indicators. This is contrary to the predictions of the human capital model for inter-generational poverty reduction.

Section-3

BANGLADESH'S COMPARISONS WITH COUNTERFACTUALS

Bangladesh's Comparisons between Predicted and Actual Outcomes

- In order to compare Bangladesh's actual performance with the predicted outcomes, we regress all the key social performance indicators on per capita income (controlling for regional fixed effects) for the samples of "low income countries" and "low plus lower middle income countries" separately.

- We used the regression coefficient from this cross-country analysis to predict Bangladesh's likely social performances predicated on the level of per capita income.

- Lastly, we compare the actual and predicted values for Bangladesh to highlight the areas where the country has performed better than expected and where it lagged behind.

Bangladesh's comparisons with counterfactuals

Outcome variables	Actual Value	Predicted Value (LIC)	Predicted Value (L&LMIC)
GNI per capita (PPP, US$) growth rate (2010-2020)	8.577	3.706	5.304
Life Expectancy at Birth	72.591	68.290	70.383
Adult Literacy Rate (Female)	72.005	46.176	61.614
Adult Literacy Rate (Total)	74.909	51.928	69.089
Total Fertility Rate	2.011	3.592	2.627
Infant Mortality Rate	25.600	32.270	31.007
Under-5 mortality rate	30.800	41.286	38.102
Prevalence of Stunting	28.000	19.040	30.800
Poverty Headcount ration (1.90 US$ intl. poverty line)	14.300	11.935	8.897
Poverty Headcount ration (3.20 US$ intl. poverty line)	52.300	44.780	34.730
Female Primary School Enrolment Rate	124.987	77.760	107.419
Female Secondary School Enrolment Rate	81.488	51.850	73.269
Female Labor Force Participation Rate	36.370	15.648	39.672
Manufacturing Value Added (% of GDP)	18.933	3.047	10.897
Export Value (% of GDP)	12.181	22.286	15.193
Gini Index	32.39	42.782	31.762

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