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On healing wounded economies: the Bangladesh test case for development

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Wounding and healing are not categories that economists usually are thinking of or concepts they would be working with. They would rather question how history could be wounded or that healing could be social (or un-social). Economists, anyway, prefer to discuss real problems in a rather abstract way. When looking at the real world and trying to apply economic theory to the economies of the less developed (however defined) countries, they find, indeed, an institutional framework that is (or seems to be) totally different from that of the developed/industrial world and even more so from the ideal world of economic theory. Therefore, more than half a century ago a new branch of economics emerged, i.e. development economics, that aimed at helping to understand the social and economic problems of the (then) third world and that brought forward a number of explanations of “under-development” and strategies and policies of “development”. Different schools emphasized the historical, political, social and (pure) economic aspects, during the times of the “Cold War” often on the brink of ideology. Some approaches were more useful didactically than practically, like the dual economy theory, that may have been more confusing than helpful for many. After the end of the “Cold War” and after a short over-enthusiasm for a “free” market system, the discourse has become less ideological and more pragmatic. And with similar structural problems emerging in the erstwhile “First World” we can observe a more problem oriented approach to questions that have turned out to be more universal than earlier perceived. It may be, thus, the time to look anew at a South Asian conflict that could have turned into a global showdown.

After the break up of Pakistan and the creation of the new state of Bangladesh a well known economist wrote that he felt like a pathologist looking for causes of a fatal development. His approach says as much on modern economics as on modern medicine: The economist like the doctor is concerned with his case – i.e. the former with the collective health of a whole economy and the latter with the personal health of an individual patient – only in the case of illness: He comes, analyses, heals (or tries to heal), and goes; he not necessarily is concerned with the deeper causes of the illness and/or the attitudes of the patient that may be totally un-helpful with respect to the cure prescribed. More than often, indeed, the illness is self-inflicted rather than acquired by coincidence and/or circumstances outside the sphere of influence of human action. The “East Pakistan Crisis” as it became to be known by the late 1960s certainly was man-made. Of course, the Bangladeshi would put all the blame on (West-)Pakistan and the (West-)Pakistani on the Bengali, on India, the USA and almost everybody else. Quite similarly most economic crises around the globe are self-inflicted. Amartya Sen and others before and after him have worked out that hunger and famine, ultimate forms of economic crisis, are the outcome of negligence, mismanagement if not evil intention rather than bad weather and poor harvests. The FAO found that famine in Africa in most cases is war- and not just harvest-related. Likewise health problems all over the world are more and more not so much manifestations of *force majeure* but the result of wrong diet, over-eating, and lack of exercise, and in the poorer countries of underspending on basic health services, immunization programmes and health information, i.e. on services that should be manageable even for them if they only wanted so.

Bangladesh is of interest for several reasons: Firstly, because Bangladesh was and is the test case of development (Faaland 1976): If it is possible to turn around this “basket case” (as it was once called) into a stable, self-supporting economy, the concept of foreign development aid would be proven. Secondly, because Bangladesh serves – despite all shortcomings – as an example of a democratic and tolerant Muslim state. Thirdly, despite all doom-saying Bangladesh’s textile industry, the country’s major foreign exchange earner, seems to have survived the end of the WTO preference system.

Coming back to the question of wounding and healing, the paper tries a new look at the causes and consequences of the break up of Pakistan, at how Bangladesh could achieve some remarkable social and economic (if not necessarily political) progress and at how Bangladesh could master the end of the textile regime. This leads, finally, to the question, whether Bangladesh still is a “special case” that needs special attention or whether it has become a “normal” economy that would well integrate into a South Asian economic free trade area (if not more), or in terms of this seminar’s topic, whether the wounds afflicted to Bangladesh’s economy could be healed by international social (read: aid and trade induced) healing.