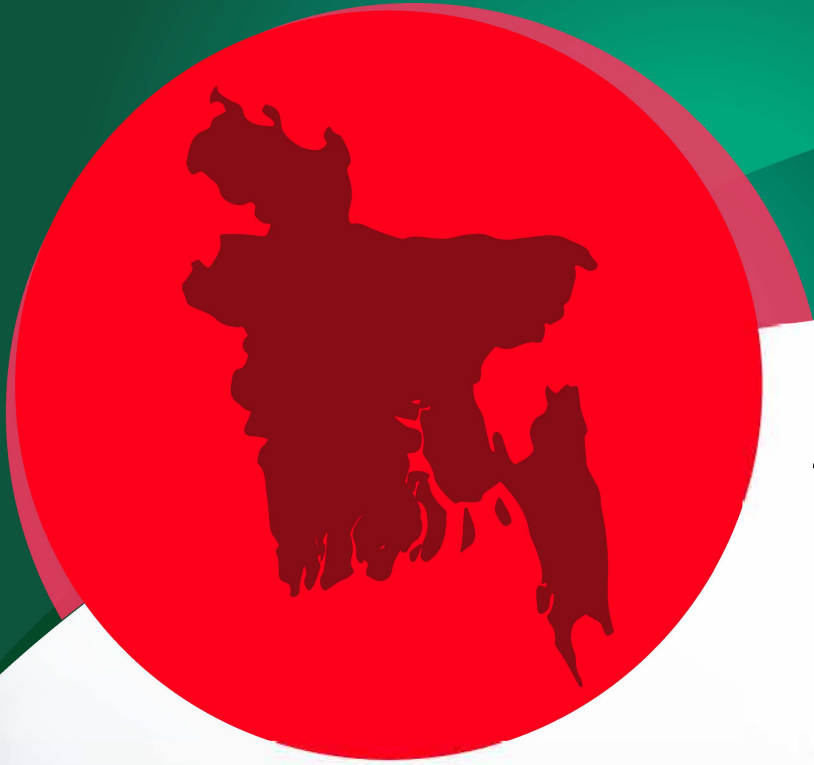


Volume 22
Number 2
Year 2020
ISSN 1529-0905



Journal of
**BANGLADESH
STUDIES**



CONTENTS

CONTENTS.....	iv
FROM THE EDITOR	
Farida Chowdhury Khan.....	v
A Sustainable Development Strategy for Bangladesh in the Post-COVID 19 Era: A socially embedded intersectional capabilities perspective	
Haider A. Khan.....	1
A Generic Methodology for Dynamic Short-Run Regional Econometric Analysis in Bangladesh	
Anutosh Das, Mohammad Shahriyar Parvez, Md. Shakil Ar Salan, Md. Sakib Zubayer	15
Implications of Using Rainwater Harvesting as Supplementary Water Supply Source for Urban Bangladesh	
Farhana Kabir	31
Knotted Realities: Understanding What Delays Early and Child Marriage for Girls in Urban Slums of Bangladesh	
Sairana Ahsan, Shuchi Karim, Subas Chandra Biswas, Sabina Faiz Rashid.....	50
Bangladesh’s Biggest Brothel: A Rhetorical Analysis of Body and Sex Work	
Nur E Makbul	64
When Women and Men Legislators Talk About Women’s Issues, Do They Talk About The Same Things? Evidence From The Bangladesh Parliament	
Marufa Akter.....	74
Book Review <i>Gresham’s Law Syndrome: An Analysis of the Bangladesh Bureaucracy</i>	
Reviewed by: Ali Riaz.....	90

A Sustainable Development Strategy for Bangladesh in the Post-COVID 19 Era: A socially embedded intersectional capabilities perspective

Haider A. Khan

John Evans Distinguished University Professor
Josef Korbel School of International Studies
University of Denver
Email: hkhan@du.edu

Abstract

In light of pandemic relief policies in Bangladesh during COVID-19 as a background, this paper presents a strategic perspective beyond the current crisis. For this type of strategic thinking, both technical methodologies for positive analysis such as SAM-based modeling and normative frameworks such as Socially Embedded Intersectional Capabilities Approach (SEICA) are necessary. Such approaches also allow a broader understanding about problems facing the developing countries and their recourse during such crises. Specifically, using SEICA and a 11-point sustainable development strategic approach, we can strategically connect immediate relief with long-run development for enhancing capabilities of people. With proper modifications, the methodology and framework used for Bangladesh may be applicable for other developing countries for strategically and efficiently directing limited resources to key areas of the economy for addressing the current crisis and solving some of the strategic problems for long-term sustainable development.

Keywords: COVID-19, Strategy for Sustainable Development, Social Accounting Matrix, South Asia, socially embedded capabilities

Introduction

What kind of sustainable development strategy will be appropriate for Bangladesh, which aspires to reach middle income country status and beyond by its 70th birth anniversary in 2041 and after? Clearly, a global pandemic, particularly one with the scale and reach of COVID-19, places insurmountable policy challenges upon most governing bodies. These challenges are further exacerbated when the governed nation is a developing country. These countries face limited resources, inadequate infrastructure, and oftentimes multiple other obstacles that prevent them from designing appropriate pandemic relief packages for their populations. Therefore, it is imperative that the economic and policy concerns of developing nations like Bangladesh be examined through a lens that prioritizes immediate issues like hunger and disease prevention, emphasizes both short- and long-term recovery, and ultimately respects the poor and meshes with their own vision of development from a socially embedded intersectional perspective. Two earlier papers, Khan (2020b) and Khan and Rahman (2020b), carry out an immediate and short-run analysis for Bangladesh by using a Social Accounting Matrix based economy wide model. The interested reader is referred to those papers for the relevant quantitative estimates. Likewise, at the micro level, using the BRAC rapid response survey, Khan, Mahapatro and Morshed (2020) looked at the impacts on poor households from a gender perspective. Conceptually, a more general Socially Embedded Intersectional Capabilities Approach (SEICA) can be used to study the institutionally fine-grained impacts on well-being and agency freedoms of people (Khan, 2020a; Khan, 2021; Khan and Rahman, 2020a; Khan and Villanueva, 2020).

In this paper, I first briefly discuss an eleven-point strategic approach to development as freedom enhancement, culminating in SEICA. For this I take a (post)modern complex systems approach. I then indicate the challenges that a small open economy like Bangladesh faces and must overcome through strategic steps from now onwards. Some conclusions follow.

Development as a Complex Social-Economic-State Systemic Process: Towards SEICA

Writing in 1926, in a biographical essay on Edgeworth, Keynes underlined some of the problems of complex human systems:

We are faced at every turn with problems of organic unity, of discreteness, of discontinuity – the whole is not equal to the sum of the parts, comparisons of quantity fail us, small changes produce large effects, the assumptions of a uniform and homogeneous continuum are not satisfied (Keynes, 1971-79, Vol. X, p. 261).

If anything, the developing part of the world economy today shows to even a greater degree the kind of complexity captured in Keynes's words above. Fortunately, systems theory and economic theory have both made some progress since those dark days. Although we are far from a genuinely complete theory of complex economic systems, efforts are underway that have already borne some interesting fruit in several limited areas.¹ Review of even partially successful set of country experiences such as are contained in Fosu (2013) can be seen as case studies that reveal many facets of complex developing economies – each with its own sub-systemic characteristics to be sure, but also sharing some common strategic features. The purpose of this paper is to synthesize from a strategic perspective-- to the extent it is possible to do so-- the development experiences of East Asia in particular and draw some appropriate lessons. The claim is that such an approach can lead to a theoretical view of an enabling developmental state that includes many features from the East Asian Developmental State model. But in our theory, we go beyond that model. In particular, it turns out that the theoretical basis of the East Asian Developmental State model must be crucially augmented by considerations of deepening of democracy during the developmental process. Furthermore, the systemic crises of accumulation and the deepening ecological crisis impose new challenges that the old East Asian Model did not address (Arrighi, 1994, 2007, 2010; Khan, 2010; Khan and Liu, 2008; Li, 2008).

Some clarification of the key term "development" is necessary in order to avoid ambiguities and confusions. In the rest of this paper, I will refer to three concepts of development that are implicit in much of the discussion in the political economy of development literature. The first is the idea of development as growth with some structural change, or at least the idea that this type of growth is the most crucial necessary condition for development. The second concept is derived by adding explicit distributional elements to growth – particularly inequality and poverty. Both these ideas are shared by many development economists – for example, implicitly by many of the authors of the chapters in Fosu (2013). Fields was one of the earliest in being explicit in discussing all three – growth, absolute poverty and inequality – and his thoughtful model in his *Quarterly Journal of Economics* article (Fields, 1979) alerts the reader to the performance of a developing economy in all three areas and derives, at least partly, a logic of further necessary reforms following from his cogent analysis of the three aspects of development in this sense. Warr (2008) is a more recent example for the case of Thailand. He concludes:

Not all aspects of the Thai development strategy have been similarly successful. Inequality has increased at the same time as absolute poverty has declined. The underlying causes of this increase in inequality are still not well understood. (Warr, 2008, p. 22)

The third and the broadest approach to development discussed here is in terms of Sen's idea of capabilities, and its further extensions. In this view, development is really an extension over time and space of freedom, particularly the positive freedom to lead a certain type of life an individual has reasons to value. Sen and his coauthors have, of course, used this idea, and following Sen, many others have done so as well (Sen, 1992, 1999, 2009; Nussbaum, 1995, 2000; Khan, 1998, 2014, 2020a, 2021). Yet, in so far as there is a normative aspect about development being a "(public) good", it is a premise for the capabilities project that such a view is consistent with the analyses of the East (and to some extent Southeast) Asian Development. Warr's essay on Thailand again is quite explicit in mentioning both the positive achievements and the shortcomings of Thailand's record, and its strategy, both of which can fit into this broad systemic capability approach. For Korea, Keun Lee has gone further. His perceptive comments on the

possible role of democracy in development extends the terrain of discussion in the direction of the "development as freedom" perspective when he writes:

We see obvious advantages in democracy, amongst which is the convenient feature that citizens are not subject to arbitrary arrest and torture. Truly strong states get it wrong more often than they get it right. Thus, the military dictatorships of Latin America left little in the way of legacy, whereas the military dictatorships in Korea and Taiwan (while not on anything like the same scale of brutality) left a powerful legacy of development. The difference lies clearly in strategic orientation and in institutional capacity in formulating and implementing a program of national industrial development. Our point is that this is an option available to the political leadership of any developing country today. On top of this, the key to the Korean or Asian success was institutional longevity. (Lee 2008, p. 13)

It would seem, therefore, that there is an implicit agreement that development is "growth plus" other things (Khan and Weiss, 2006). While the list of "other things" may vary somewhat, none of the thoughtful scholars of development would want to equate growth and development. Yet, as the East Asian experience shows, generating high growth may be a useful means towards development. But, one must also pay careful attention to what can be called "the political economy and the well-being consequences of growth".

In Khan (1998) an explicit social institutional embedding of capabilities as freedom was defended from a Hegelian perspective. Recently, Khan has extended the earlier socially embedded capabilities to focus sharply on unequal freedoms arising from adverse types of intersectionalities. In particular, disadvantages of lower-class position and gender and racial-ethnic discriminations can cause life-long handicaps for enhancing capabilities.

Consideration of these factors leads inevitably to the role of state. The East Asian experience suggests that the role of states in their developmental process was "enabling" but the transition from an authoritarian to more democratic forms of state was slow. In terms of class character, these states are still bourgeois with accommodations for popular interests that are the results of long and hard struggles by the masses from below.² This suggests a change in strategic orientation for the progressives in the 21st century. Such an approach necessarily will need to take differences – particularly class, gender, racial-ethnic differences – seriously in a critical theory of equalizing capabilities (Khan 2009, 2012a, 2012b, 2014).

What precisely can be the character and role of such an "enabling" developmental state in the 21st century? We try to answer this question in the next section.

An Enabling Developmental State for the 21st Century

At least since the classic work by Johnson (1982) on MITI and the Japanese economy, the role of the developmental state has received much attention. Woo-Cumings (1999) is a good collection of papers that explore various aspects of Developmental States, presenting the theory of developmental state as the explanation for the East Asian industrialization. Earlier, Chalmers Johnson had stated that "it is a shorthand for the seamless web of political, bureaucratic, and moneyed influences that structures economic life in capitalist Northeast Asia" (Johnson, 1982, p. 158). Johnson, in his book *MITI and the Japanese Miracle*, had coined this term for analyzing Japanese industrial policies. According to Woo-Cumings, the concept of the developmental state was originally used to analyze a plan-rational capitalist system like Japan, "conjuring private ownership with state guidance" (Woo-Cumings 1999, p. 2). Johnson explains in his contribution to the history of the developmental state debate that "one of [his] main purposes in introducing the idea of capitalist developmental state [...] was to go beyond the contrast between the American and Soviet economies" (Johnson 1999, p. 32). At least one part of the theory is drawn from the history and the theory of mercantilist intervention of the state in the economy. But in the fashion of Hamilton and List, the developmental state theory is applied to late capitalist development in the sense of building industrial capitalism within a World Capitalist System where early starters are already in a more advanced stage of industrialization. Historically, in Bismarck's Prussia and in Japan during the Meiji era, developmental states carried the burden of starting and then sustaining the industrialization process. Scholars such as Reinert have traced the history of interventionist states all the way back to the Renaissance (Reinert, 2007).

After World War II, Japan, Korea, and Taiwan were particularly successful in building both the developmental state and industries that were export-oriented. The debate picked up speed after the work of Amsden

(1989) and Page (1994). Wade (1990) studied the Taiwanese economy in detail from a “governing the market” perspective. Chang’s study of Korean industrial policies was important to develop the thesis further. Khan (1983, 1997) discussed the technology policies of Korea and advanced a variant of a theory of state-market interaction in multiple dualisms within a developing economy. Khan and Thorbecke (1988, 1989) had applied a similar theory to study the choice and diffusion of technologies for Indonesia by using a social accounting matrix. Khan (2002, 2003a, 2003b, 2004a, 2004b) developed nonlinear models of “governing the market” and innovation and applied these to both Korea and Taiwan.

As many have emphasized (Amsden, 1989; Chang, 1994, 2003, 2007, 2008; Evans 1995, 1998, 2007; Ghosh, 2009, 2010; Jomo, 2007; Khan, 1983, 1985, 1997a, 1997b, 2002, 2003a, 2003b, 2004a, 2004b, 2012a, 2012b, 2013; Wade 1990; Weiss 1998), a set of encompassing institutions where the state is both an initiator of development policies and builder of development institutions is a crucial determinant of development success. The state is also a settler of conflicts before they became disabling, as in many African countries. This enabling state shows “embedded autonomy” (Evans, 1995). It also analyzes state capacity as a special form of infrastructural power (Mann, 1988; Weiss, 1998) and states can use this power to lead structural transformation of the economy. Weiss calls such a state-business class relationship one of governed interdependence. In East Asia, such interdependence has been important.

More specifically, a dynamic picture of the leading role of the enabling state emerges. Over time, the state provides disciplined support for export-oriented sectors through directed credit and other subsidies. The state also coordinates investment across sectors and within industries. It invests itself in areas where private risk absorption capacity is too low. This is particularly important in building up a national system of innovation. The state also steps in to manage sectoral and macroeconomic crises, ensuring a relatively smooth accumulation process to proceed. However, the distributive conflicts were lessened for Japan, Korea, and Taiwan through US-imposed land reforms after the war. In China, on the other hand, an egalitarian society with a Gini coefficient between 0.25 and 0.28 in the 1970s became highly unequal from 1990s onward with its Gini index rising to over 0.45.

Given our capabilities perspective referred to above, we need to include among the characteristics of an Enabling Developmental State for the 21st Century its capacity to build an egalitarian development strategy from the beginning. In addition, democracy must also be deepened from the beginning. Khan (1998, 2008a, 2008b, 2009, 2010, 2012a, 2012b) has attempted to build a theory where *egalitarian distribution and deepening of democratic institutions* and practices along with the standard industrial, trade, monetary-financial and other developmentalist policy making of the state have theoretical salience. Furthermore, given the deepening ecological crisis, this type of state will have to devise policies for *at least mitigating the present ecological crisis*.

It is such a state that we can call an *Enabling Developmental State for the 21st Century*. Both technically and from a social perspective, efficient but egalitarian innovation systems throughout, but particularly after the middle-income stage, become crucial in terms of enhancing people’s capabilities rapidly and widely. Khan (2012a) has therefore replaced the idea of a national innovation system (NIS) with that of an augmented national innovation system (ANIS). A thoroughly innovative Enabling Developmental State for the 21st Century will augment both the efficiency and capabilities of people in an egalitarian manner. It is clear that a state of this kind cannot be formed unless popular forces can launch movements and programs of their own. Is there any hope of this being achieved in the next few decades? There are many complex processes underway in the global South now, particularly those in Latin America. Although by no means guaranteed, the achievements of people’s movements give us some room for optimism (Peet, 2007; Peet and Hartwick, 2009). But the project has barely been started. A new theory of an Enabling Developmental State for the 21st Century that both nurtures and is nurtured by these movements will be of a kind that can play a counterhegemonic role. We are at the beginning of this process. Such a process already shows a multidimensional nonlinear complex system of the World Capitalist System breaking down with a combination of ecological-economic, political, social, and ideological crises. We cannot predict the forms resistance and transformational movements will ultimately take. However, the emerging self-organization of people’s movements will undoubtedly take multiple forms ranging from anti-capitalist local resistances to national-regional-international political parties and broad-based social movements and new social formations.

We now ask the question: how do we conceive of an initial strategic plan that draws from the best experiences of the East Asian Developmental States and augments these with mainly egalitarian and democratic elements for the 21st Century?

An 11-Point Characterization of a Strategic Approach towards integrating useful markets with an Enabling State for Development as Freedom in the 21st Century

A synthesis of the experiences of East Asian countries reveals some common strategic orientations as well as the effects of changes in external environment and shifts in policies over time. This is consistent with the characteristics of complex economic systems which are nonlinear with multiple equilibria and path dependence. Over time, one may observe the emergence of structural shifts in some cases, stagnation in other cases depending on initial conditions, strategies, policies and external environment among other things. For the cases discussed in the vast literature, there are many specific variations within each. However, they also share, to various degrees, many specific features listed below. It must be kept in mind that in the 21st century, ecological sustainability with justice to the poor people and their needs, will have to act as a constraint. But this applies particularly to the duty of the developed countries to curtail their consumption in general, and particularly with regard to nonrenewable energy. The 11 points are laid out as follows.

1. Strategic Openness to various degrees, with Thailand being the most open and Viet Nam the least. But in all cases, there is a strategic commitment to export promotion and further goals of moving up the ladder with respect to value added. It should be kept in mind however, that there can be a "fallacy of composition" (Cline, 1982; Khan, 1983; Mayer, 2002; Razmi and Blecker, 2006) in claiming that all developing countries need to do is to pursue an export-led growth policy. Reciprocal demands may not exist sufficiently, and the ensuing competition for export markets in developed countries may create winners as well as losers. Therefore, what may be needed in the future for other aspiring countries is a strategic approach, including the development of national and regional markets and the creation of dynamic comparative advantage along with a number of other policies and institution building processes described below.

2. Heterodox macroeconomic policies for stability – Japan, Korea, Taiwan and many Southeast Asian countries such as Malaysia, Viet Nam, and Singapore display more of a mix of heterodox policies. It seems that the rigidity of Washington consensus particularly in this area is rejected by the experiences of developing economies like Japan, China, Korea, Taiwan, and Viet Nam. In particular, use of fiscal policy, monetary policy, and exchange rate policy together with trade and selective industrial policies can build an industrialized sustainable economy with good jobs and decent incomes for the people both in rural and urban areas. Further discussion of this last item can also be found under points 4 and 5 below and include agricultural development, industrial development, and structural change.

3. Creation of institutions for productive investment – this exists in all cases, but Korea seems to have gone much further than the others much earlier. Starting with the reforms in the 1960s, it moved through several successive stages and is now trying to find appropriate technological niche in a world that is moving towards a convergence of information, bio and nano-technologies by 2050. The role of state in the creation of these institutions is still very prominent. China has followed with its own plan for building an innovation system (Gabriele and Khan, 2010).

4. Agricultural development – earlier, in the immediate post-WWII Keynesian-liberal and a social democratic spirit, Japan, Korea, and Taiwan carried out land reforms. China followed a revolutionary socialist path, and land is still legally held collectively even with the current responsibility system. Among the poor Asian countries, Viet Nam probably put through the most egalitarian pro-peasant development policies after its victory in the national liberation war in the 1970s. Warr (2008, p.12) describes the importance of agriculture in the Thai case:

The results of the analysis indicate that agriculture's contribution to economic growth in Thailand included impressive rates of TFP growth. But its main contribution occurred through releasing resources which could be used more productively elsewhere, *while still maintaining output*, rather than through expansion of agricultural output. It is seriously wrong to characterize Thai agriculture as "stagnant", based merely on the fact that output growth is slower in agriculture than in other sectors. If agriculture had really been "stagnant" economic growth would have been substantially lower because it would not have been possible to raise productivity significantly within agriculture or to release resources massively while still maintaining moderate growth of output.

Viet Nam's reforms in Agriculture are evaluated by Thoburn (2008, p.10) in the following words:

Rice, indeed, is the great success story of the agricultural reforms. Vietnam changed from being a net importer of rice in the 1980s to the world's third largest exporter (after the US and Thailand) in the mid-1990s, though there has been little further export growth since the late 1990s, particularly compared to other products This lack of growth is not necessarily surprising or a sign of failure. In the late 1990s, when rice export growth was peaking, less than 15% of output was being exported In an economy where around 70% of households were both consumers and producers of rice, rises in rice output were important primarily for raising rural incomes and for food security, with the surplus available for export varying with fluctuations in domestic production.

The state has played a role in encouraging new crops such as cashew, and later coffee Coffee is not straightforwardly a success story, though, as the expansion of Vietnam's coffee exports in the mid-1990s was a factor in causing a substantial fall in the world price.

5. Industrial development and structural change – the strategy that the successful Asian countries, to various degrees, pursued was a continuously unfolding and dynamic set of policies with much trial and error. The retrospective attempts to tell a coherent story have often led to an overly deductive picture where good performances supposedly follow from a few, usually neoclassical economic principles. The Malaysian case study is a good and convincing counterexample. Jomo and Wee (2008, p. 10) describe some changes in strategy and policy for Malaysia within specific time-sensitive contexts:

Over the years, the government has changed its industrialization strategy. In response to problems and new priorities, the government announced the Second Industrial Master Plan (IMP2) for 1996-2005 in December 1996 to replace the (first) Industrial Master Plan (IMP) for 1986-1995. In September 1996, the government had set up the Multimedia Super Corridor (MSC) to promote certain information technology investments. The government committed over RM50 billion for infrastructure development to support this initiative. At the same time, the government strengthened intellectual property laws to reassure foreign investors and provided more generous incentives for new investments in this area.

Thus, the policy changes of the mid-1980s appeared successful in reviving growth and industrialization. Confirmation of the new policy direction from the mid-1980s came with the 1991 enunciation of Vision 2020, favoring growth, modernization and industrialization. Although FDI began levelling off in the mid-1990s, increased domestic investments – inspired by greater domestic investor confidence – sustained the momentum of rapid economic growth until the 1997-1998 regional crisis. The gravity of the crisis and the difficulties of recovery were exacerbated by injudicious policy responses, compromised by cronyism, though there is little persuasive evidence that cronyism itself precipitated the crisis.

They also point out changes in the '60s and '70s as well in response to changing global economic environment:

The decline of rubber prices in the 1960s must surely have affected economic performance and policy. Malaysia's experiment with import-substituting industrialization under foreign (principally British) auspices was quite different from most other developing countries where state-owned enterprises played leading roles as well as Northeast Asian experiences where effective protection was conditional on export promotion. Malaysia's transformation from net oil importer to exporter in the mid-1970s, when petroleum prices rose sharply, allowed the government to spend much more, while the recycling of petrodollars later allowed it to borrow from abroad at low cost until the Volcker intervention of 1980 raised real interest rates and precipitated a global recession, bringing commodity prices down (Jomo and Wee, 2008, p. 14).

The case study of Viet Nam also confirms the suspicion that there is much that is improvised and *ad hoc* during the earlier phases of apparently successful development cases. As documented in the case of Thailand as well, the lesson here is perhaps to avoid major resource allocation distortions and constant monitoring and policy revisions when existing policies do not work well. The political preconditions for this in the background are more explicit in the Malaysia and Viet Nam papers.

6. Creation of technological capabilities – here the Korean case stands out as a very apt illustration of creating technological capabilities throughout the entire growth and development trajectory in definite stages. Lee (2008, pp. 4-5) points out:

Among various aspects of capacities, emphasis should be on technological capabilities because without these, sustained growth is impossible. In this era of open market competition, private companies cannot sustain growth if they rely upon cheap products; they need to be able to move up the value-chain to higher-value added goods based on continued upgrading and improvement and technological innovation. Furthermore, private companies had better be “local” companies, whenever possible, including locally controlled JVs, not foreign controlled subsidiaries of the MNCs. MNCs subsidiaries are always moving around the world seeking cheaper wages and bigger markets. Therefore, they cannot be relied upon to generate sustained growth in specific localities or countries although they can serve as useful channels for knowledge transfer and learning.

For the case of Malaysia, Jomo and Wee also recognize this strategic aspect of creating technological capabilities during medium- to long-run development. It is also clear from the Thailand and Viet Nam cases that strategic concerns with the creation of appropriate technological capabilities have been, and continue to be, very important. Khan (2002 and 2004a) has discussed the interventionist role of the state in Taiwan in this area.

7. Technological learning and innovation – creating national innovation systems in particular requires the creation of specific institutions and technological learning over time. Ultimately, if development is to continue beyond the catching up phase, this may present the most crucial set of policy challenges. Here, the paper on Korea is an admirable attempt to sum up the lessons. There are specific features here to which Lee (2008, p. 5) draws our attention:

Therefore, while the ultimate goal and criterion of development is to raise the capabilities of local private companies, the process needs pilot agencies to guide and coordinate the whole process. Such needs exist because key resources are so scarce, and thus had better... be mobilized for uses in sectors or projects with greatest externalities. As understood by Gerschenkron, who analyzed the latecomer industrialization of Germany and Russia, and identified latecomer agencies, such as large state-owned investment banks to drive the process in these countries, it is such agencies that can make up for gaps or lacunae in the country that is seeking to industrialize. All the East Asian countries built specific state-agencies that played a role of guiding the process of industrialization. In Korea the institutions established in the 1960s under the Park regime included the Economic Planning Board to set economic plans; the Ministry of Trade and Industry to support industrial policy and export; and the Ministry of Finance to finance economic plans.

Both state and civil society have to play important roles. At an earlier stage, the state necessarily plays a large and activist role. At a later stage, however, the creation of technological capability has to rely on a private-public partnership at both the precompetitive and the competitive phases of innovation (Khan, 2004a). For China, Gabriele and Khan (2010) present an analysis that points out the key role of the state in building an innovation system.

8. Direct Foreign Investment (DFI) and Foreign Aid – these factors have played a role for all East Asian economies, but perhaps more so for countries such as Thailand, Viet Nam, and Malaysia. Investment from abroad has been more significant than aid. However, the internal generation of investible funds and public sector support have also played a crucial role, particularly in Korea. DFI in the manufacturing sector can be important as the Viet Nam, Thai, and Malaysian cases show. In Vietnam,

Sectorally, manufacturing has been the most important area for DFI, with 51% of accumulated registered foreign capital over the 1988-2006 period, followed by transport, storage and communications (9.6%), mining and quarrying (8%) and real estate (8%). (Thoburn, 2008, p. 8)

Not everything has to be of the best practice genre for DFI to come in as Thoburn shows for Viet Nam:

Paradoxically, Vietnam scores badly on conventional measures of competitiveness and investment climate, yet is highly regarded by foreign investors who operate in the country. The World Bank's *Doing Business* survey ranks Vietnam as 104th out of 175 countries as a good place to do business. In contrast, the *VDR* for 2007 claims that Japanese inward investors see Vietnam as the third most attractive investment location in the world. It seems that Vietnam's stable macroeconomic environment, high quality and low cost labour, and low levels of crime are more important considerations for investors than the details of bureaucratic procedures which are often included in international surveys. (Thoburn, 2008, p. 9)

Foreign Aid, particularly Japanese aid, has played a role in the development of Thailand and Malaysia, However, in the Asian cases, the leveraging of aid for domestic development has perhaps been more important than the actual quantity of aid.³

One must be aware that in many cases aid and DFI can also lead to external dependence. A developmental state cannot surrender its sovereignty in the capability and flexibility to make domestic decisions to foreign experts in exchange for aid. Khan (2003a, 2003b) points out some of the pitfalls in aid and DFI regimes. Ultimately self-reliant domestic institution building process is the key to sustainable development.

9. Poverty reduction strategies – these are a varied set of policies that are necessary in addition to growth. Although growth is a very important component of a strategic approach to poverty reduction, in all cases specific policies targeting both rural and urban poverty were undertaken. In case of Thailand and Viet Nam, such attention, for some time to come, is still a necessary part of a coherent pro-poor development strategy. This suggests a "growth plus..." (Khan and Weiss, 2006) strategy for development.

It must also be kept in mind that the move in 1999 by the IMF and the World Bank and other international development organizations to make anti-poverty policies the core strategy for development is not credible. First, it was a political response to the crisis created by the failing and disastrous neoliberal policies advocated after the 1997-98 financial crises. Second, even without this political background, without overall sustainable development, anti-poverty policies are only palliatives. Poverty can only be ended globally when exploitative accumulation through dispossession can be ended.

In addition to the nine sets of factors discussed above, there are also other random and historically contingent factors. Jomo and Wee (2008) explicitly acknowledge the presence of such factors. But even a quick look at several other cases will reveal these historically contingent determinants ranging from momentous events such as wars and revolutions to more usual changes in domestic and international political factors and changes in policies that depended on crucial personalities such as that of President Park in Korea in the 1960s. As Jomo and Wee (2008, p. 14) indicate in summing up the lessons from Malaysia:

It is difficult to evaluate policy success or failure simply in terms of subsequent economic performance. Malaysia's very open economy has often been subject to circumstances not of its own choosing or making.

The Plaza Accord of September 1985 led to the strong yen just as Malaysia's sovereign foreign debt became yen-denominated. The mid-1980s' recession precipitated a banking crisis, which led to the 1989 banking reform to the seeming success of earlier deregulation facilitated financial liberalization, culminating in the 1997-98 crisis. The late 1980s' regulatory reforms encouraged further limited private foreign borrowings from abroad before that, limiting vulnerability on that front. The East Asian economic recovery from the last quarter of 1998, following the Russian and LTCM crises, similarly does not allow proper evaluation of the impact of Mahathir's controversial measures of early September as he moved to politically eliminate his deputy.

The above observation underlines an important strategic consideration. We formulate this aspect as a two-point strategic proposal in addition to the nine points presented above. We submit that the following two items are indispensable to an Enabling State of the 21st century which would enhance capabilities and, with it, the multiple ecological-economic, political, social, and ideological crises facing the planet:

10. Income and Asset Distributional Equality – This is more of a challenge today than it was in post-WWII setting. Vibrant egalitarian anti-free market movements were widespread, even in the US. A combination of cold war policies and then, a revival of Hayekian and other varieties of neoliberalism in the 1980s, coinciding with the global crises of the World Capitalist System made income and asset distributional equality an anathema in mainstream thinking regarding development. However, the greatest reversal was in China in the 1990s. Today Chinese leaders are at least partially rethinking this policy mistake.

But the greatest hope here comes from the people's movements from below all over the world and their partial successes in Latin America, in particular. Nonetheless, egalitarian goals need to be explicitly put on the agenda of movements and concrete strategies and tactics devised. When in power, the energies of such movements then can be largely directed towards making the objectives more concrete and solving practical problems of implementation.

Through learning feedback mechanisms, mistakes can then be detected and corrected and further appropriate modifications made. Such a process cannot be anything but deeply democratic. This is our final strategic point.

11. Deepening of democracy through struggle and practice – The theory of deepening democracy is derived from a history of struggles from below. In the uneven world of 21st century, the struggles for democracy will take many forms, and will differ from one place to another. But the struggles for basic needs such as food, clothing, shelter, health care, and education are important everywhere. With ecological destruction, movements to save the global commons are crucial. In both these movements, the voices of women, minorities, workers, and peasants are important. One group whose role needs to be underlined is the indigenous peoples of the world. Their increasingly progressive and leading role in places like Bolivia is exemplary. Movements everywhere can learn from them. New forms of deliberative democracy and advancing human rights for the people can be discovered only through these struggles. Even when state power is held by the minority dominant classes, such struggles can lead to some democratic deepening. Alternatively, they can lead to minority exploiting classes being forced to share some state power with the popular classes.

Thus, even without complete hegemony and state power, popular movements can influence infrastructural aspects of state power in particular. The limited successes from the Global South also point to the need for organizing under a coherent transformational strategic perspective and tactical program. How can all these be done strategically in Bangladesh in the post COVID-19 period?

What is to be done in Bangladesh? A few strategic remarks

It can be argued that Bangladesh has been following the strategic paths itemized in the first nine points above to varying degrees and with mixed success. As I have pointed out elsewhere (Khan, 2020b), IMF growth projections in the post-COVID-19 period is somewhat optimistic. Even if we take the IMF estimates at face value, still starting from a lower base will mean a minimum of two to three years to get back to the pre-COVID-19 level of GDP. For further growth to occur, strategic attention will need to be focused on a new export strategy, not just for the post-pandemic phase but also for the period after graduation from the low-income developing country status. An essential component of this is the diversification of exports.

As is well-known, in 2020, Bangladesh crossed the \$2,000 per capita income milestone. In 2024, the economy is expected to graduate out of low-income status. Unfortunately for Bangladesh, the COVID-19 pandemic occurred at a time when the economy was on a stable trajectory of high GDP growth averaging 7-8 percent per annum. A simple growth model will show the counterfactual that, to pull the economy out of the depths of the COVID-19 shock and restore it to the path of steady 7-8 percent per annum growth will require massive additional investment validated by adequate domestic and global demand. Reaching the goal of becoming an upper middle-income country by 2031 will be challenging indeed. Strategic openness with massive investments in infrastructure, plants and equipment, and human capital will be necessary.

Even more strategically worrisome are points 10 and 11. Bangladesh, like China, has moved far away from its egalitarian distributional goals of 1972 contained in its immediate postliberation constitution. Attention needs to be focused on not just new income generating activities, but also on a more equitable distribution of productive assets and opportunities for human capital formation. Given that the marginal propensities to consume among the poor and lower income groups, a redistribution downwards will not only lower polarization but also increase sectoral and aggregate demand for mostly labor-intensive employment generation commodities and activities. Analysis based on the Social Accounting Matrix in Khan (2020b) points in this direction. My strategic institution building policy advice has been to form teams of Bangladeshi and expatriate experts in specific functional areas to come up with concrete evidence-based plans for recovery, growth, and enhancement of SEIC. I wish to underline that the intellectual and practical economic returns from such formations will be considerable. We need to hasten this process.

On point 11, deepening of democracy, egalitarian redistribution will open ways for the poor and the hitherto disenfranchised to participate in the polity more widely. But specific policies regarding indigenous people's participation, women's rights (Khan 2014), local level empowerment of people are necessary. Importantly, this is not a problem that NGOs or international donor organizations can solve. In fact, some of the aid establishment recreate the hierarchical, anti-democratic structures that they verbally condemn. Bangladesh must find resources within its own

socio-political-cultural traditions to build the right kinds of movements and institutions. Khan (2008) discusses some specific strengths of these aspects of the polity and society of Bangladesh.

Conclusions

Two conclusions follow logically from the above identification of both the necessary as well as the more contingent factors that have played a role in the development strategy of Bangladesh so far. These, along with the additional crucial strategic factors - egalitarianism and deepening of democracy – will enable a 21st century developmental state and a strategy for development as freedom. Of these, the first is the need for taking a historically grounded pragmatic and diagnostic approach to the technical problems of development on the one hand, particularly in the post-COVID-19 period of uncertainty and chaos. The second is that, at the same time, we must make democratic deepening and egalitarianism the strategic centerpieces of any progressive social movement. It is important to make these last two factors the most salient identifying criteria for an innovative enabling developmental state that integrates useful markets with developmental objectives to increase human capabilities. It is at least theoretically plausible that, in practice, opportunities for implementing such a strategy with further ongoing learning will arise as a result of struggles from below and social learning at all levels.

It is necessary to identify distortions from the perspective of deepening democracy and egalitarianism and correct these quickly. It is also equally necessary to identify market failures and other institutional failures. Instead of taking a grand, presumptive approach to development, the role of a mix of heterodox policies with the willingness to revise policies before the cost gets too high seems to be the best recipe for avoiding failures. However, compromising on democracy and egalitarianism will be strategic mistakes. Therefore, peoples' movements must also be attentive to these, even if it means slowing down growth within acceptable limits for some time. In general, with careful participatory planning and implementation, the deepening of democracy will not conflict with growth and other goals of development.

Clearly, in order to promote equitable growth and broad development, we must build institutions that can provide for social insurance and safety nets, and create a democratic space for voice and accountability. But there is no one-size-that-fits-all for any of these functions. Here the role of the history of popular movements and institution building will be crucial. While movements in different parts of the world can certainly learn from each other and have ties of solidarity, each part will need to have specific strategic orientation and tactical and organizational forms for both building movements as well as egalitarian and democratic institutions in every sphere, and according to its particular historical trajectory. No predetermined futures are foreordained in this complex 21st century world.

But it must be admitted honestly that the World Capitalist System, which has been crisis-ridden by its own contradictions throughout its history, has now created an additional, and under its own terms, an irreversible ecological crisis. The only sustainable future for human civilization is ultimately a non-capitalist world which is not the same as a purely nonmarket world. There is truly a race against time for creating such a world and for this reason, all movements that are potentially capable of contributing to the creation of a non-capitalist world are promising and worthy of support. Even a partial but thoughtful diagnosis of specific problems in particular regions relatively early on may suggest solutions which can be implemented before it is too late. This paper is written with the hope of making a modest contribution to the evolving counterhegemonic movements in our world by suggesting some pathways towards an egalitarian, deeply democratic and ecologically sustainable Global South.

From a mathematical point of view, the propositions developed in this essay can be formalized in a multisectoral model with integrated finance. Based on the formal work of Jumarie (2000) and others in the mathematics of entropy, a dynamic relativistic information theory-based systems approach to development can be developed. Although such ongoing research is preliminary, the combination of nonlinear multiple equilibria systems with entropy minimization in developing economic systems can be shown to exhibit a wide range of dynamics from stagnation to rapid growth and transformation. It is particularly applicable to BRICS economies such as China and India. A bridge to empirics via successive Social Accounting Matrices (SAMs) can be developed for empirical applications. In my past work, I have already embarked on this arduous task and taken the first few experimental steps. Much more work in a dynamical deep learning framework needs to be done.

¹ See for example, Khan (1997, 1998, 2003a, 2004a, 2004b) and the references therein.

References

- Amsden, A. H. (1989). *Asia's Next Giant*. New York: Oxford University Press.
- Arrighi, G. (1994, 2010). *The Long Twentieth Century*. London: Verso.
- Arrighi, G. (2007). *Adam Smith in Beijing*. London: Verso.
- Chang, H. J. (1994). *The political economy of industrial policy*. New York: St. Martin's Press.
- Chang, H. J. (2003). *Globalisation, Economic Development and the Role of the State*. London: Zed Books.
- Chang, H. J. (Ed.). (2007). *Institutional Change and Economic Development*. Tokyo: United Nations University Press.
- Chang, H. J. (2008). *Bad Samaritans*. London: Bloomsbury Press.
- Cline, W. R. (1982). Can the East Asian Export Model of Development Be Generalized? *World Development*, 10(2), 81–90.
- Evans, P. (1989). Predatory, Developmental and Other Apparatuses: A Comparative Political Economy Perspective on The Third World State. *Sociological Forum*, 4(4), 561–587.
- Evans, P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton, NJ: Princeton University Press.
- Evans, P. (2007). Extending the Institutional Turn: Property, Politics and Development Trajectories. In H. J. Chang (Ed.), *Institutional Change and Economic Development* (pp. 35-52). Tokyo: United Nations University Press.
- Fields, G. S. (1979). A Welfare Economic Approach to Growth and Distribution in the Dual Economy. *Quarterly Journal of Economics*, 93(3), 325–353.
- Fosu, A. K. (Ed.). (2013). *Achieving Development Success*. Oxford: Oxford University Press.
- Gabriele, A., & Khan, H. A. (2010). *Enhancing technological progress in a market-socialist context: China's national innovation system at the crossroads*. Berlin: LAP LAMBERT Academic Publishing.
- Ghosh, J. (2009). *After crisis: adjustment, recovery, and fragility in East Asia*. New Delhi: Tulika Books.
- Ghosh, J. (2010). Global crisis and beyond: Sustainable growth trajectories for the developing world. *International Labour Review*, 149(2), 209–225.
- Johnson, C. (1982). *MITI and the Japanese Miracle*. Stanford: Stanford University Press.
- Johnson, C. (1999). The Developmental State: Odyssey of a Concept. In M. Woo-Cumings (Ed.), *The Developmental State in Historical Perspective* (pp. 32-60). Ithaca, NY: Cornell University Press.
- Jomo, K. S. (2007). *Malaysian Industrial Policy (2007 edition)*. Singapore: Singapore University Press.
- Jomo, K. S., & Wee, C. H. (2008). *Lessons from Post-Colonial Malaysian Economic Development*. Paper prepared for the WIDER Conference on Country Role Models for Development Success, June 13-14. Helsinki: UNU-WIDER.
- Jumaric, G. (2000). *Maximum Entropy, Information without Probability and Complex Fractals: Classical and Quantum Approach*. Dordrecht: Kluwer Academic Publishers.

- Keynes, J. (1971-79). *The Collected Writings of John Maynard Keynes (Vols. I-XXIX)*. London: Royal Economic Society.
- Khan, H. A. (1983). *Technology, Energy, Distribution and Balance of Payments: A Macroeconomic Framework*. Unpublished dissertation, Ithaca, New York: Cornell University.
- Khan, H. A. (1985). Technology Choice in the Energy and Textile Sectors in the Republic of Korea. In A. S. Bhalla (Ed.), *Technology and Employment in Industry*, 3rd ed.
- Khan, H. A. (1997a). *Technology, Energy and Development: The South Korean Transition*. Cheltenham, United Kingdom: Edward Elgar.
- Khan, H. A. (1997b). Ecology, Inequality and Poverty: The Case of Bangladesh. *Asian Development Review*, 15(2), 164–179.
- Khan, H. A. (1998). *Technology, Development and Democracy: Limits to National Innovation Systems in the Age of Postmodernism*. Cheltenham, United Kingdom: Edward Elgar.
- Khan, H. A. (2002). Innovation and Growth in a Schumpeterian Model. *Oxford Development Studies*, 30(3), 289–306.
- Khan, H. A. (2003a). Technology and Modernity: Creating Social Capabilities in a POLIS. In T. Misa (Ed.), *Technology and Modernity* (pp. 368–406). Cambridge: The MIT Press.
- Khan, H. A. (2003b). What can the African countries learn from the macroeconomics of foreign aid in Southeast Asia? In E. Aryeetey, J. Court, M. Nissanke, & B. Weder (Eds.), *Asia and Africa in the Global Economy* (pp. 346–368). Tokyo: UNU Press.
- Khan, H. A. (2004a). *Innovation and Growth in East Asia: The Future of Miracles*. New York, NY: Palgrave.
- Khan, H. A. (2004b). *Global Markets and Financial Crisis in Asia: Towards a Theory for the Twenty First Century*. New York, NY: Palgrave.
- Khan, H. A. (2008a). Building an Innovative Economy through Managed Creative Destruction: A Theory with Applications to South Korea. *MPRA Paper 7713*, University Library of Munich, Germany.
- Khan, H. A. (2008b). Democracy in Bangladesh: from Crisis to Sustainability. *Journal of Bangladesh Studies*, 9(2), 13–25.
- Khan, H. A. (2009). A Theory of Deep Democracy in the Age of Postmodernism. *Readings in Law and Society Journal*, 1 (1).
- Khan, H. A. (2010). China's Development Strategy and Energy Security. In A. Santos-Paulino & G. Wan (Ed.), *The Rise of China and India: Development Strategies and Lessons* (pp. 108–137). London: Palgrave.
- Khan, H. A. (2012a). Enhancing Economic Integration in the Asia-Pacific through the Strengthening of National Innovation Systems - Challenges and Strategies. *Asia-Pacific Technology Monitor. ESCAFE*. Sep. 1-17.
- Khan, H. A. (2012b). Deepening Democracy During Crisis. *Cosmopolis*, Summer, 2012, 1–22.
- Khan, H. A. (2013). Development Strategies: Lessons from the Experiences of South Korea, Malaysia, Thailand and Vietnam. In F. K. (Ed.), *Achieving Development Success* (119–132). Oxford: Oxford University Press.

- Khan, H. A. (2014). Development and Women's Rights as Human Rights: A Political and Social Economy Approach within a Deep Democratic Framework. *Denver Journal of International Law and Policy*, 42(3), 451–478.
- Khan, H. A. (2020a). On Socially Embedded Intersectional Capabilities Theory (SEICT)---An Example from the Philippines. In H. A. Khan (Ed.), *Women's Socially Embedded Capabilities and Development: A Theory-based Empirical Investigation of Some ASEAN Countries*. Background paper for the Cambridge University Project on Human Development in ASEAN, 2020.
- Khan, H. A. (2020b). Economic Impact of COVID-19 on Bangladesh: Agenda for Immediate Action and Planning for the Future. *EconPapers*. <https://econpapers.repec.org/paper/prampapa/100380.htm>
- Khan, H. A. (2021). Human Capabilities in Complex Global System and Financial Governance: A Theory with Application to the BRICS. In P. Anand et al. (Eds.), *BRICS Handbook*. Oxford: Oxford University Press. Forthcoming.
- Khan, H. A., & Liu, Y. (2008). Ecological Economics of Water Management in China. In I. Usha (Ed.), *Global Law and Economics of Sustainable Development*. ICAI Press.
- Khan, H. A., Mahapatro, M., & Morshed, K. (2020). *COVID-19 and Gender Justice: How are women faring? Evidence from a statistical analysis of the BRAC Rapid Perception Survey for Bangladesh*. Working Paper, JKSSIS, University of Denver.
- Khan, H. A., & Rahman, R. (2020a). *Women's Socially Embedded Intersectional Capabilities and Development: A Theory-based Empirical Investigation in the ASEAN economies*. Working Paper, JKSSIS, University of Denver.
- Khan, H. A., & Rahman, S. (2020b). *Covid-19 and Development: An Economy Wide Model and Data-based Approach to Impact and Resolutions*. Working Paper, JKSSIS, University of Denver.
- Khan, H. A., & Thorbecke, E. (1988). *Macroeconomic Effects and Diffusion of Alternative Technologies Within a Social Accounting Matrix Framework: The Case of Indonesia*. Gower Publication Co, Aldershot, U.K.
- Khan, H. A., & Thorbecke, E. (1989). Macroeconomic Effects of Technology Choice: Multiplier and Structural Path Analysis. *Journal of Policy Modeling*, 11(1), 131–156.
- Khan, H. A., & Villanueva, J. (2020). *Women's Socially Embedded Intersectional Capabilities and Development: A Theory of Inclusive Development Applied to the Philippines*. Working paper, JKSSIS, University of Denver.
- Khan, H. A., & Weiss, J. (2006). Poverty Strategies in Asia: growth plus. In J. Weiss & H. A. Khan (Eds.), *Poverty Strategies in Asia: A Growth Plus Approach* (pp. 1–40), Cheltenham: Edward Elgar and ADBI.
- Lee, K. (2006). The Washington Consensus and East Asian Sequencing: Understanding Reform in East and South Asia. In J. Fanelli & G. McMahon (Eds.), *Understanding Market Reforms* (pp. 99–140). UK: Palgrave Macmillan.
- Lee, K. (2008). *Can Korea be a Role Model for Development? A "Capability-based View" on Korea*. Research Paper 2009/034. Helsinki: UNU-WIDER.
- Li, M. (2008). *The Rise of China and the Demise of the Capitalist World Economy*. New York: The Monthly Review Press.
- Mann, M. (1988). The Autonomous Power of the State: Its Origins, Mechanism and Results. In M. Mann (Ed.), *States, War and History* (pp. 185–213). Oxford: Blackwell.
- Mayer, J. (2002). The Fallacy of Composition: A Review of the Literature. *The World Economy*, 25(6), 875–94.

- Nussbaum, M. (1995). Human capabilities, female human beings. In M. C. Nussbaum & J. Glover (Eds.), *Women, culture and development* (pp. 61–104). Oxford: Clarendon Press.
- Nussbaum, M. (2000). *Women and Human Development: the capabilities approach*. Cambridge: Cambridge University Press.
- Peet, R. (2007). *Geography of Power: Making Global Economic Policy*. London: Zed Press.
- Peet, R., & Hartwick, E. (2009). *Theories of Development: Contentions, Arguments, Alternatives*. London: Guilford Press.
- Prashad, V. (2014). *The Poorer Nations: A possible history of the Global South*. London: Verso.
- Razmi, A., & Blecker, R. (2006). Developing Country Exports of Manufactures: moving up the export ladder to escape the fallacy of composition? *Journal of Development Studies*, 44(1), 21–48.
- Reinert, E. S. (2007). Institutionalism ancient, old and new: A historical perspective on institutions and uneven development. In H. J. Chang (Ed.), *Institutional Change and Economic Development (2007 edition)* (pp. 53–74). Tokyo: UNU Press.
- Schneider, A. (2015). *Democratic Deepening and International Insertion: The Emergence of Brazil and India*. Unpublished paper, JKSSIS, University of Denver.
- Sen, A. (1995). *Inequality Reexamined*. Oxford: Oxford University Press.
- Sen, A. (1999). *Development as Freedom*. Oxford: Oxford University Press.
- Sen, A. (2009). *The Idea of Justice*. Cambridge, MA: The Belknap Press of the Harvard University Press.
- Thoburn, J. T. (2008). *Viet Nam*. Paper prepared for WIDER conference on Country Role Models for Development Success, June 13–14, Helsinki.
- Wade, R. (1990). *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton: Princeton University Press.
- Warr, P. (2008). *Thailand's Development Strategy and Growth Performance*. WIDER Working Paper 2011/002. Helsinki: UNU-WIDER.
- Weiss, L. (1998). *The Myth of the Powerless State*. Ithaca: Cornell University Press.
- Woo-Cumings, M. (1999). *The Developmental State in Historical Perspective*. Ithaca, NY: Cornell University Press.