# Bangladesh

- IMF classifies Bangladesh as a "frontier economy" – mostly rural, quite poor but with a growing manufacturing sector and rapid growth in recent years.

- Population 161m on land mass smaller than New England.  One of the most densely populated countries in the world.

- Manufacturing sector began growing in mid-2000s.

- In last ten years, annual GDP growth avg. 6%.  Per capita growth avg. 4%.

# Background

- When British partitioned Indian subcontinent in 1947, created nations of India and Pakistan.
- Pakistan consisted of West Pakistan and East Pakistan (today Bangladesh) – 1,600km apart, non-contiguous
- Majority of population in East and main language Bengal, but power resided in West. Urdu declared national language.
- Over next 25 years, frequent uprisings, independence movements, civil unrest.
- Culminated in declaration of independence in 1971

# Bangladesh Liberation War

- Violent war for independence in 1971 resulted in 1m – 3m deaths.

- India supported Bangladesh

- Government formed – called itself socialist and received aid from Soviets and East European countries.

- Destruction of war extreme.  Some 6m homes were lost.  Roads, communications destroyed.  Most farmers lost animals, homes, tools.

- Most larger businesses closed and cash, equipment removed to Pakistan.

# Famine and aftermath

- Devastation of war followed by severe flooding and hoarding of rice >>> famine in 1974

- Estimated that 6% of population starved.

- US withheld food aid because of Bangladesh trade with Cuba.

- Bangladesh Rural Advancement Committee (BRAC) and Grameen Bank both founded to rebuild country after war and famine.

- 1975 – First of several military coups.

- ISI policies established under military rule, but corrupt, so little growth.

- Country remained under military rule until mass uprisings by pro-democracy movements >>> elected government in 1991.

# Opening economy

- By 1991, no forex reserves, little trade, Soviet aid gone

- IMF and World Bank loans conditioned on opening up economy to market forces

- By 2000, small scale industry established and by mid-2000s increase in growth rates and emergence of export-oriented garment industry.

- Currently 3/4 population rural and 1/2 workers employed in agriculture.  1/5 employed in manufacturing.

- High population density allows many rural households to supplement income with mfg. jobs.

- X = 20% GDP

- Imports = 25% GDP

- Remittances = 11% GDP, so has current account surplus (8th highest remittances in world – most from middle east, Malaysia, UK)

# Garments

- Garment manufacturing increased x12 since 2000.

- Over 1/10 of GDP

- 94% of all garments are for export and garments comprise 4/5 of Bangladeshi exports (also has small pharmaceutical export industry).

- Employs about 4.5m workers, 80% F (though almost all production workers female).

- Little FDI (only 1% GDP).  Mostly local firms who subcontract with large retailers and clothing brands (Target, Primark, GAP, Walmarts, H&M, etc.)

# Working Conditions

- One of the worst records of industrial accidents in world.
- Series of fires in garment factories in 2012-2013 followed by collapse of Rana Plaza (1129 killed, 2000 injured) >>> mass demonstrations and scandalized western consumers.
- Large EU/US retailers feared consumer boycotts
- EU retailers signed accord on fire and building safety in 2013, which established standards on safety and also on forced overtime and physical abuse.  Funded inspections.  Fairly good enforcement mechanisms
- US firms formed Alliance for Bangladesh Worker Safety.  Disbanded after a few years and inspections carried out by Bangladesh-funded organization.

# Working conditions

- Vast improvements followed – fire doors, alarms, sprinkler systems.

- Recent backsliding.  Industry wants foreign inspectors out.  Estimated that 45% garment factories lack adequate fire detection and alarm systems.

- Also about 1/4 factories are producing for non-EU/US retailers, so not inspected or covered by accords.

# Labor

- Minimum wage – $94/month.

- Average manufacturing wage around $125/month

- Living wage estimated at $200/month.

- Bangladesh has not ratified ILO Convention on Child Labor.  Estimates that nearly 1m children working in garment factories (under 18)

- Sexual harassment of female garment workers common.  Recent survey by BBC found 80% workers had witnessed or experienced harassment.

- Official workweek is 40 hours, but violations routine.

- Garment industry politically powerful, so enforcement of labor laws poor.

# Social indicators

- Per capita GDP = $4,300 (PPP)
- Poverty rates high but have fallen dramatically
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| Source | Poverty Rate 1990 | Poverty Rate 2015 |
|---|---|---|
| World Bank | 70% | 45% |
| Government measure | 57% | 32% |

- Gini index estimates unreliable – CIA estimate of 32.4 in 2010.
- Estimates on social indicators for 2010

| Indicator | Bangladesh | South Asia Average | Change since 1990 |
|---|---|---|---|
| Life Expectancy | 70 years | 67 years | +14 |
| Infant Mortality | 33/1000 | 45/1000 | -67 |
| Child Mortality | 41/1000 | 57/1000 | -103 |
| Improved Sanitation | 57% | 39% | +24 |
| Improved Water | 97% | 80% | |
| Immunization 0-2 years | 82% | 44% | |
| Years of Education - Male | 8 years | 8.6 years | +4 |
| Female | 9.2 years | 8.3 years | +6 |