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Economists see poor governance a major hurdle in South Asia

FE Report

Noted economist Professor Wahiduddin Mahmud Saturday said the present caretaker government is the outcome of political conflicts and politics of patronage.

Power changed hands from one party to another at regular intervals in the past because the people denied them power for successive terms since they failed to govern the country properly, he said.

"In every South Asian country there exist two types of contrasting trends. On the one hand, the governments, whether democratic or otherwise, resort to distribution of benefits among party cadres by grabbing power and, on the other, people are interested in upholding democratic values and development of the country," Prof Mahmud said while talking about a South Asian Development model at a seminar attended by economists and development practitioners.

The eventual development of the South Asian countries will, however, depend on which trend they intend to uphold, he said.

The seminar titled "Understanding growth and poverty: Is there a South Asian development model?", was organised by the Institute of Microfinance (InM) in the city.

Prof Mahmud of Dhaka University and Professor Siddiq R. Osmani of the university of Ulster, United Kingdom, presented the keynote papers with Professor Abhijit Sen, member of the planning commission in India, in the chair.

On the Bangladesh's development, Prof Mahmud said though there is weak governance in the country, it has achieved a better economic growth because of public awareness about democracy and development, active press and private sector development entities particularly the non-governmental organisations (NGOs).

Most South Asian countries have achieved six per cent plus gross domestic product (GDP) growth over the last few years.

"In South Asia there exists a big deficiency in the functioning of the governments. Deficiency in political governance is bigger than any other problem," he said.

Prof Mahmud said: "India and Sri Lanka are the countries in the South Asia where proper democracy is being exercised. But in countries like Pakistan and Bangladesh the democratic governance is rather weak."

Highlighting different constraints in the South Asian countries, Prof Mahmud said along with the acceleration of economic growth, the inequality in the distribution of the benefits of growth has widened, leading to poor performance of the poverty alleviation projects.

"But, he said, in the East Asian countries, the poverty alleviation and social development activities have produced better results because of equal distribution of the growth benefits.

Prof Mahmud said: "The countries in this sub-continent have adopted industry-led growth ignoring its traditional labour-intensive agriculture sector. This diversion has failed to increase the labour wages and productivity."

"There is a big problem in land distribution in this region. But the East Asia has done it perfectly," he said adding the development of the agriculture could contribute more to the GDP growth.

Prof Mahmud said though Bangladesh has achieved a good progress in the social sector for its low-cost health services and education. Yet the country will have to make further progress in those areas, he added.

Emphasising on finding a common development model for the South Asian region he said: "The states only discuss on the economic cooperation rather than other issues that are also important factors for the development of this region."

Prof Osmani in his presentation said: "The declining public investment and struggling agriculture sector in the South Asian countries have emerged as the major constraints to the growth of this region."

"These are affecting the poverty alleviation also," he said adding, "though the agriculture does not have a major contribution to the GDP, but about 50 per cent of the labour force are engaged in this sector."

Mr. Osmani said the service sector growth in this sub-continent has increased because of the failure of the manufacturing sector in absorbing the increased labour force in the respective states.

Professor Abhijit Sen said the South Asian countries have very poor trade linkage which is one of the major impediments to the further economic growth.

Executive Director of the InM Prof MA Baqui Khalily and others also spoke on the occasion.

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