

Editor's Desk

This March 2020 issue of *Thinking Aloud* has been dedicated to cover the news of the 5th SANEM Annual Economists' Conference (SAEC) 2020 on "Institutions for Development". The first page article on 'Institutions for Development' discusses the definition, types and importance of institutions for development in developing countries. The second, third and fourth pages present brief summaries of different sessions of the 5th SAEC. The conference started with the inaugural session which was followed by four breakout sessions on 'Energy and Environment', 'Trade and Development', 'Environment and Climate Change 1' and 'Macroeconomic Policies 1'. After lunch, there were four breakout sessions on 'Health and Development', 'Institutions and Economic Development 1', 'Labour Market and Employment Challenges' and 'Poverty and Inequality 1'. The breakout sessions 9, 10, 11, 12 were on 'Macroeconomic Policies 2', 'Poverty and Inequality 2', 'Institutions and Economic Development 2' and 'Environment and Climate Change 2' respectively. There was a special session for budding researchers. On the first day of the 5th SAEC, SANEM organized a special session to honour the life and work of Dr. Hossain Zillur Rahman. The second day of the 5th SAEC started with a session on "Reflecting Youth's Perspective on Development". A session on "Challenges of Export Growth and Diversification in Bangladesh: The Case of Bonded Warehouse Modernization" was held immediately after the first session. This was followed by a panel discussion on "Political Economy of Development in Bangladesh". There was another session on 'Reflections on Poverty, Employment and Development in Bangladesh: Presentations by SANEM's Young Researchers'. In addition to the sessions on different contemporary issues, there was a special lecture titled 'Structural Transformation and the Transition to Formality'. There was another special session for budding researchers on the second day of the 5th SAEC.

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Institutions for development

Selim Raihan

'Institutions' are the 'rules of the game' that govern the economic, political and social spheres of any country. The rules of the games can be both formal and informal. In the economic and political spheres, 'formal' rules of the games shape the functioning of the 'organization' bounded by legal rules, while 'informal' rules of the games influence the functioning of the organization beyond any 'legal' bindings. Examples of institutions in the economic and political spheres are property rights, quality of bureaucracy, rule of law, the functioning of government regulations, democratic accountability, etc. In the social sphere, institutions appear mostly as social and cultural norms. In this context, an 'organization' is an entity comprising a group of people with a particular purpose. The examples of organizations are different types of machinery of the state like courts, police, parliament, etc. and different government agencies.

Institutional economics focuses on the understanding of the process and dynamics through which institutions work. Institutional economics sees economic growth and development process as vastly influenced by the complex interactions among different institutions. Over the past four decades, there have been many variants of institutional economics. But, broadly two variants are prominent: New Institutional Economics (NIE) and non-NIE. The NIE has its root in the neo-classical economics and emphasizes on issues such as transaction cost and interaction among individual and organizations, and highlights the importance of 'formal' institutions and 'proper' functioning of institutions for economic growth and development. In contrast, non-NIE emphasizes the importance of both the 'formal' and 'informal' institutions and 'unorthodox' type, role and evolution of institutions in developing countries.

Analysis of country experiences, both cross-country and macro-and micro-level studies, lend support to the important contribution of institutions to economic growth and development. Studies indicate that bureaucracy quality, contract enforcement, law and order, protection of property rights, critical degrees of democratic accountability and transparency and control of corruption are associated with the higher level and sustainability of economic growth and development.

The major channels through which institutions work for economic growth and development include the cost of economic transactions, incentives for economic activities, mode and nature of profitability of investment or 'economic rent', mode and nature of the sharing of 'economic rent', and mode and nature of the politics of the sharing of 'economic rent'. Country experiences suggest that there is no 'one-size-fits-all' approach and heterogenous experience across countries on guiding institutions for economic development makes the study of institutional economics interesting and challenging.

It is also important to note here that institutional development in a country is not an exogenous process. The economic growth and development processes of a country also provide feedback, either positively or

negatively, to the evolution of institutions. In this context, the capacity of the political elites to effectively formulate and implement sound policies, interactions and cohesion among economic and political elites on policies and regulations, and how the citizens of the country respect the institutions that govern economic and social interactions among them, are critically important.

While discussing the importance of institutions in countries like Bangladesh, placed at the lower level of the development spectrum, it should be kept in mind that what governs in these countries is a host of informal or non-conventional institutions, and the status and development of formal institutions are weak and fragile. Informal or non-conventional institutions can have two distinct roles with respect to the stages of development. At the early stage of development, if countries can steer the informal institutions to the extent that they are conducive for economic growth, countries can manage a regime of strong growth rate and can also achieve some improvements in the social sector. Bangladesh is a good example in this case. In contrast to many other comparable countries of Asia and Africa at the similar stage of development, least developed countries (LDCs), in particular, Bangladesh has been successful in creating some functional informal or non-conventional institutions against an overall distressing picture of formal institutions.

"The success stories of institutional reform agendas from different countries suggest that success depends on elites' ability to undertake and execute the 'unorthodox' approach, which is suited very much to the country-contexts."

However, for the transition from a lower stage of development to a higher stage, whether the country can maintain the high growth rate and can achieve larger development goals, it is critically important how the dynamics of informal institutions evolve and formal institutions become stronger and functional. Not many developing countries have been able to make this transition. Certainly, the East Asian and most of the Southeast Asian countries are the success stories in using the informal institutions efficiently at the early stage of development as well as

making some notable successes in the transition towards functional form of formal institutions. However, when it comes to the current status of institutional development in Bangladesh, there is a big concern whether the country is in the right path of making such a transition.

Finally, there are questions whether a conventional approach to institutional reforms, as suggested by the NIE and thus focusing on a set of reforms targeting primarily the 'better' functioning of markets, can be useful in making a successful transition towards functional formal institutions. In most of the developing countries, such market-targeting institutional reform agendas gained little success due to the lack of consideration of the country-specific contexts, lack of buy-in from the political elites, and lack of cohesion between economic and political elites over the reform agendas. The success stories of institutional reform agendas from different countries suggest that success depends on elites' ability to undertake and execute the 'unorthodox' approach, which is suited very much to the country-contexts.

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Inaugural Session and Keynote Speech



The inaugural session of the 5th SANEM Annual Economists' Conference (SAEC) 2020 was chaired by Dr. Bazlul Haque Khondker, Chairman, SANEM, and Professor, Department of Economics, University of Dhaka. He stated that the development of institutions is very crucial, as an economy cannot achieve sustainable growth with weak institutions. Dr. Selim Raihan, Executive Director, SANEM and Professor, Department of Economics, University of Dhaka gave the opening remarks. In his remarks, Dr. Raihan said that the objective of the conference was to shed light on the importance of institutions for development. He expressed his concern about the quality of



Mr. M. A. Mannan, MP

growth, jobless growth, rising inequality, slow rate of poverty reduction and the existence of low management policy in institutions in South Asia. He also added that there is an additional pressure of achieving Sustainable Development Goals (SDGs) in South Asian countries. Mr. M. A. Mannan, MP, Honourable Minister, Ministry of Planning, Governments of the People's Republic of Bangladesh was the chief guest of the inaugural session. Mr. Mannan, in his video message, affirmed that the main objectives of government are to bring people out of poverty, make changes in the infrastructural field, ensure 100 percent literacy rate, and provide food security, safe drinking water and

minimal health security. He expressed his expectations from sister organizations in the South Asia region who can suggest insightful policies and help the government to achieve SDGs. He also mentioned the national initiatives undertaken by the government to raise the income level of all people so that no one leaves behind. The distinguished keynote speaker of the conference was Professor Wahiduddin Mahmud, an Eminent Economist of Bangladesh. In his keynote speech, he explained how institution-building and economic performance

interact with one another. He said that Bangladesh has established a good example of maintaining steady growth. He also mentioned that though Bangladesh is one of the fastest-growing major economies in the world, it ranks lower in other development indicators such as global competitiveness index, ease of doing business index, etc. He addressed that growth in Bangladesh is mainly driven by low productive and unskilled workers in the economy. To be a developed country, Bangladesh will need to use more innovative pathways. At the same time, new technology and quality education system have to be embraced. He suggested that, as working-age population is growing more than overall population, extracting benefits from demographic transition, creating economic opportunities for rural people, boosting low-skilled labour export, modifying education system in accordance to industrial need, reforming financial sector, restructuring tax regime, increasing health care expenditure and strengthening socio-economic development should be the key goals to achieve. He cited that, irrespective of political regime, Bangladesh can achieve sustainable growth through institutional capacity building. He also spoke about political commitment and moral economy which should be reclaimed with values as there are unethical activities in the economy, share market scams, lack of capital flows, unlawful land grabbing, default bank loans, politics and corruption done by elites which have become behavioural norms. At the end of his speech, he advocated that moral policy should gain the confidence of the public because economic development compromising moral standards is not a good sign for an emerging economy.



Professor Wahiduddin Mahmud

**Breakout Session 1
Energy and Environment**



Chair: Dr. Qazi Kholiqzaman Ahmad, Chairman, PKSF, Bangladesh, Paper Presenters: Zubayer Hossen, Research Economist, SANEM and Coordinator, SANEM SDG Centre, Salman Ibn Yasin, Masters' Student, Economics Department, PUST, Bangladesh, Amina Khatun, Economics Graduate, Khulna University, Bangladesh, Sujait Banerjee, PhD Scholar, Politics and Economics Department, Visva Bharati University, India, Discussant: Dr. Sakib Bin Amin, Associate Professor, Department of Economics, NSU, Bangladesh.

**Breakout Session 5
Health and Development**



Chair: Professor Shamsul Alam, Member (Senior Secretary), GED, Planning Commission, Government of the People's Republic of Bangladesh, Paper Presenters: Md. Hafiz Iqbal, Assistant Professor (Economics), Government Edward College, Bangladesh, Dr. Saswati Chaudhuri, Associate Professor (Economics), St. Xavier's College, India, Dr. Nirmal Kumar Raut, Assistant Professor, Central Department of Economics, Tribhuvan University, Nepal, Sulekha Hembram, Assistant Professor, Department of Economics, Muralidhar Girls' College, India Discussant: Dr. Rumana Huque, Professor, Department of Economics, University of Dhaka, Bangladesh.

**Breakout Session 9
Macroeconomic Policies 2**



Chair: Dr. Atiur Rahman, Professor, Department of Development Studies, Dhaka University and Former Governor, BB Paper Presenters: Shelja Bhatia, PhD Scholar, CDS, JNU, India, Faria Hossain Borsha, Lecturer, PU, Bangladesh, Darpajit Sengupta, Economics PhD Scholar, JU, India, Irfan Ahmad Shah, Economics PhD Scholar, CDS, JNU, India, Discussant: Dr. Kazi Iqbal, Senior Research Fellow, BIDS, Bangladesh.

A Session for Budding Researchers



Special Guest: Dr. Hossain Zillur Rahman, Chairperson, BRAC and Executive Chairman, PPRC, Bangladesh Moderator: Dr. Sayema Haque Bidisha, RD, SANEM, Professor, Economics Department, Dhaka University Paper Presenters: Farhin Islam, Economics Department, Dhaka University, Tanjim-UI-Islam, Economics Department, Dhaka University, Abir Hassan, Economics Department, BUP, Shahriar Ahmed, Economics Department, Dhaka University, Wasama Ahmed Khan, Department of Economics and Social Sciences, BRAC University.

**Breakout Session 2
Trade and Development**



Chair: Professor Mustafizur Rahman, Distinguished Fellow, CPD, Bangladesh Paper Presenters: Mukesh Kumar Kella, PhD Scholar, Institute of Business Management, Pakistan, Sunera Saba Khan, Research Economist, SANEM, Muntasir Murshed, Research Officer, BIDS, Bangladesh Dr. Sunetra Ghatak, Research Fellow, NIPFP, India Farhan Khan, Research Assistant, SANEM Discussant: Mahtab Uddin, Lecturer, Department of Economics, University of Dhaka, Bangladesh.

**Breakout Session 6
Institutions and Economic Development 1**



Chair: Dr. Mustafa K. Mujeri, Executive Director, InM, Bangladesh Paper Presenters: Dr. Mamta B Chowdhury, Senior Lecturer, School of Business (Economics and Finance), WSU, Australia, Dr. Arup Majumder, RA, School of Languages and Linguistics, JU, India, Adnan M. S. Fakir, Economics PhD Scholar, UWA, Australia, Balakrushna Padhi, CEFT, Xavier University, India, Discussant: Rafiqua Ferdousi, Research Economist, SANEM.

**Breakout Session 10
Poverty and Inequality 2**



Chair: Dr. K.A.S. Murshid, Director General, BIDS, Bangladesh Paper Presenters: Zubayer Hossen, Research Economist, SANEM and Coordinator, SANEM SDG Centre, Dr. Swati Dutta, Associate Fellow, IHD, India, Kumar Bhattacharai, Lecturer, Economics, Tribhuvan University, Nepal, Smruti Ranjan Sahoo, PhD Scholar, CDS, Jawaharlal Nehru University, India, Discussant: Dr. S. M. Zulfiqar Ali, Senior Research Fellow, BIDS, Bangladesh.

**Honouring the Contributions of
Dr. Hossain Zillur Rahman**



On the occasion of the 5th SANEM Annual Economists conference (SAEC) 2020, SANEM organized a special session titled "Honouring the Contributions of Dr. Hossain Zillur Rahman" to honour the work of eminent personality in the field of research in Bangladesh - Dr. Hossain Zillur Rahman, Executive Chairman, Power and Participation Research Centre (PPRC), Bangladesh, On behalf of SANEM. Dr. Bazlul Haque Khondker, Chairman, SANEM, and Professor, Department of Economics, University of Dhaka presented crests to the "Guests of Honour".

**Breakout Session 3
Environment and Climate Change 1**



Chair: Dr. M. A. Razaque, Research Director, Policy Research Institute, Bangladesh Paper Presenters: Farjana Eyasmin, Lecturer, Department of Economics, PUST, Bangladesh, Dr. Niranjana Devkota, Coordinator, Quest Research Management Cell, Quest International College, Nepal, Anuva Afsana, Department of Economics, University of Dhaka Discussant: Dr. Somnath Hazra, Senior Fellow, School of Oceanographic studies, Jadavpur University, India.

**Breakout Session 7
Labour Market and Employment Challenges**



Dr. Iyanatul Islam, Adjunct Professor, Griffith Asia Institute, Griffith University, Australia Paper Presenters: Anwasha Basu, PhD student, IGDR, India, Mahtab Uddin, Lecturer, Economics Department, Dhaka University, Hema Prakash, PhD Scholar, Centre for Studies in Economics and Planning, CUG, India, Dr. Puneet Kumar Shrivastava, State Coordinator, Micro Finance, UP, India, Discussant: Dr. Sayema Haque Bidisha, RD, SANEM, Professor, Economics Department, Dhaka University.

**Breakout Session 11
Institutions and Economic Development 2**



Chair: Dr. Salim Rashid, Emeritus Professor of Economics, University of Illinois, USA Paper Presenters: Dr. Debajit Jha, Assistant Professor, O P Jindal Global University, India, Dr. Md Aslam Mia, Senior Lecturer, School of Management, University of Science, Malaysia, Dr. Akhilesh K. Sharma, Assistant Professor, ISID, India, Eshrat Sharmin, RA, SANEM Discussant: Dr. Atonu Rabbani, Associate Professor, Economics Department, Dhaka University.

Reflecting Youth's Perspective on Development



Moderator: Dr. Sayema Haque Bidisha, Research Director, SANEM, and Professor, Economics Department, Dhaka University Panelists: Nahim Razaq, Honourable Member of Parliament, People's Republic of Bangladesh, Nobonita Chowdhury, Director, Preventing Violence Against Women Initiative (BRAC), Kazi Faisal Bin Seraj, Country Representative, Bangladesh, The Asia Foundation, Hussain M Elius, CEO and Co-Founder of Pathao, Farzeen Ferdous Alam, Founder, Oggro Venture, Ferdous Biotech.

**Breakout Session 4
Macroeconomic Policies 1**



Chair: Dr. Zahid Hussain, Former Lead Economist, WB, Bangladesh, Paper Presenters: Ataur Rahaman, Deputy Director, BB, Minakshree Das, Consultant, MoS, India, G.D.N.M Godagampala, Assistant Lecturer, Economics and Statistics Department, University of Peradeniya, Sri-Lanka, Sovik Mukherjee, Assistant Professor, Economics Department, Faculty of Commerce and Management Studies, St. Xavier's University Kolkata Discussant: Dr. Mamta B Chowdhury, Senior Lecturer, WSU, Australia.

**Breakout Session 8
Poverty and Inequality 1**



Chair: Dr. Fahmida Khatun, Executive Director, CPD, Bangladesh Paper Presenters: Mrinalini Jha, PhD Fellow, Economics Department, DSE, University of Delhi, India, Emran Hasan, Assistant Professor, Economics Department, BUP, Dr. Pradeep Kumar Choudhury, Assistant Professor, ZHCES, JNU, India, Snehasis Mondal, Research Scholar, Economics Department, University of Calcutta, India Discussant: Dr. Swati Dutta, Associate Fellow, IHD, India.

**Breakout Session 12
Environment and Climate Change 2**



Chair: Dr. Bazlul Haque Khondker, Chairman, SANEM, Professor, Economics Department, Dhaka University Paper Presenters: Dr. Bidyut Talukdar, Associate Professor, Economics Department, Saint Mary's University, Canada, Fariha Nur Shoumee, Economics Department, Rajshahi University, Dr. Somnath Hazra, Senior Fellow, School of Oceanographic Studies, JU, India, Md. Jahid Ebn Jalal, SRA, SANEM Discussant: Dr. Helal Ahmadd, Professor, Economics Department, North South University, Bangladesh

**Challenges of Export Growth and Diversification in Bangladesh:
The Case of Bonded Warehouse Modernization**



Moderator: Dr. Masrur Reaz, Senior Economist & Program Manager, World Bank Group Keynote Presenters: Dr. Zaidi Sattar, Chairman, Policy Research Institute (PRI) Ms. Nusrat Nahid, Private Sector Specialist, World Bank Group Panelists: Dr. Abu Nur Rashed Ahmed, Additional Commissioner, Customs Bond Commissionerate, Dhaka Mr. Abul Kasem Khan, Managing Director, A.K. Khan Telecom Limited Mr. Asif Ibrahim, Vice Chairman, Newage Group.

Political Economy of Development in Bangladesh



Chair: Professor Rehman Sobhan, Chairman, CPD, Trigger Presentation: Dr. Selim Raihan, Executive Director, SANEM, and Professor, Economics Department, Dhaka University Panelists: Dr. Rounaq Jahan, Distinguished Fellow, CPD, Dr. Mahbulul Mokaddem, Professor, Economics Department, Dhaka University, Dr. Shapan Adnan, Professorial Research Associate, SOAS, University of London, Dr. Mirza M. Hassan, Senior Research Fellow & Head, Governance & Politics Cluster, BIGD.

Special Lecture by Dr. Iyanatul Islam



Dr. Iyanatul Islam, Adjunct Professor, Griffith Asia Institute, Griffith University, Australia gave a special lecture titled "Structural transformation and the transition to formality". Dr. Farazi Binti Ferdous, National Consultant, Food and Agriculture Organization of the United Nations (FAO), Bangladesh was the moderator of the session. In his lecture Dr. Islam talked about global patterns and trends of informal economy, financial inclusion and expansion of formal sector firms. The session concluded with an interactive open discussion and remarks from the moderator.

Cultural Event



On the occasion of the 5th SANEM Annual Economists' conference (SAEC) 2020, SANEM organized a cultural event.

Reflections on Poverty, Employment and Development in Bangladesh: Presentations by SANEM's Young Researchers



Moderator: Dr. Selim Raihan, Executive Director, SANEM, and Professor, Department of Economics, University of Dhaka Paper Presenters: Ms. Fahmida Haq Majumder, Research Associate, SANEM, Mr. Jonaed, Research Associate, SANEM, Ms. Mir Ashrafun Nahar, Research Associate, SANEM, Ms. Nadeera Sultana, Research Associate, SANEM.

A Session for Budding Researchers



Special Guest: Dr. Mohammed Farashuddin, Former Governor, Bangladesh Bank, Chairperson, Board of Trustees, EWU, Moderator: Dr. Bazlul Haque Khondker, Chairman, SANEM, Professor, Economics Department, Dhaka University Paper Presenters: Ashraf S. Khan, Economics and Social Sciences Department, BRAC University, Kaniza Muhshina, Abdullah Mahir Masud, Economics Department, DU, Taharima Sultana, Economics Department, NSTU, Sheikh Rafi Ahmed, Economics Department, DU, Samanta Islam, Economics Department, BUP.

Closing Session



The 5th SANEM Annual Economists' conference (SAEC) 2020 was concluded with a closing remarks by Dr. Selim Raihan, Executive Director, SANEM, and Professor, Department of Economics, University of Dhaka. Dr. Bazlul Haque Khondker, Chairman, SANEM, and Professor, Department of Economics, University of Dhaka and Dr. Sayema H. Bidisha, Research Director, SANEM, and Professor, Department of Economics, University of Dhaka also talked about SANEM contribution in the field of research and encouraging young researchers in whole country.

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Snapshots of 5th SAEC 2020



Events



SANEM is a non-profit research organization registered with the Registrar of Joint Stock Companies and Firms in Bangladesh. Launched in January 2007 in Dhaka, it is a network of economists and policy makers in South Asia with a special emphasis on economic modeling. The organization seeks to produce objective, high quality, country- and South Asian region-specific policy and thematic research. SANEM contributes in governments' policy-making by providing research supports both at individual and organizational capacities. SANEM has maintained strong research collaboration with global, regional and local think-tanks, research and development organizations, universities and individual researchers.

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