

Editor's Desk

The theme of the June 2023 issue of *Thinking Aloud* is "Shocks and Development Strategies: Towards a Resilient South Asia"—which was also the theme of the Fourth SANEM-World Bank North America Discussion Forum 2023, held on 5 May 2023. The first page article, "Is the Bangladesh Paradox Sustainable?" analyses the validity of 'Bangladesh surprise' or 'Bangladesh paradox' argument. While Bangladesh's economic growth and development performance over the past few decades have been impressive, the sustainability of Bangladesh's development model, in which growth has been largely driven by a single sector (the RMG sector) and overseas remittances, faces serious questions, due to increasing pressures on the growth sectors and from a seeming inability to develop others. The article concludes that the poor pace of improvement of formal institutions will remain a binding constraint to meeting many of the development targets mentioned above. The second, third, and fourth pages of this issue present a brief overview of the Fourth SANEM-World Bank North America Discussion Forum 2023. South Asian Network on Economic Modeling (SANEM), The World Bank and South Asia Economic Policy Network organized the Fourth SANEM-World Bank North America Discussion Forum 2023 at the World Bank premises in Washington, D.C., USA. The keynote speech of the conference was delivered by Mr Hans Timmer, Chief Economist for the South Asia region at the World Bank. A special address regarding regional cooperation in South Asia was delivered by Ms Cecile Fruman, Director of South Asia Regional Integration and Engagement, World Bank. The conference was streamed live through the web conferencing app Webex. The one-day conference held eight sessions on macroeconomics, health, education, inequality, gender, environment, energy, trade and labor market where scholars and economists from leading institutions of South Asia, Europe and North America presented their research works. The Forum is a platform for academicians, researchers, policy advocates and young aspiring economists to initiate a strong network among them. The conference concluded with a renewed commitment to strengthening the Forum and promoting quality economic research on development pathways and associated challenges in the context of South Asia.

Inside this issue

Is the Bangladesh Paradox Sustainable?

Brief overview of Fourth SANEM-World Bank North America Discussion Forum 2023

Editor:

Selim Raihan

Associate Editor:

Eshrat Sharmin
Omar Raad Chowdhury

Coordinator:

Sk. Ashibur Rahman

Is the Bangladesh Paradox Sustainable?

Selim Raihan

Various institutional indicators suggest that the quality of institutions is poor in Bangladesh. Some have suggested the impressive growth performance against poor institutions as the 'Bangladesh surprise' or 'Bangladesh paradox'. The validity of this 'paradox' argument requires empirical investigation. While Bangladesh's economic growth and development performance over the past few decades have been impressive, the sustainability of Bangladesh's development model, in which growth has been largely driven by a single sector (the RMG sector) and overseas remittances, faces serious questions, due to increasing pressures on the growth sectors and from a seeming inability to develop others. To unpack this so-called paradox, four generic institutional features in Bangladesh can be discussed:

(a) The supremacy of 'pockets' of functional informal institutions over weak formal institutions: Informal institutions can have two distinct roles concerning the stages of development. At an early stage of development, if countries can steer informal institutions so that they are tuned to generate growth, as well as ensure that the policy environment is more predictable, countries can achieve strong economic growth and also some improvements in the social sector. However, for the transition from a lower to a higher stage of development, whether the country can maintain a high growth rate and achieve further development goals depends on the dynamics of how informal institutions evolve, and whether formal institutions become stronger and functional. Not many developing countries have been able to do this. Certainly, East Asia and most Southeast Asian countries are success stories in using informal institutions efficiently at the early stage of development, as well as achieving some notable successes in the transition to functional formal institutions.

In contrast to many other comparable countries in Asia and Africa at a similar stage of development, and especially in comparison to the LDCs, the country group to which Bangladesh belongs, Bangladesh has been successful in creating some efficient pockets of 'growth-enhancing' informal institutions, against an overall distressing picture as regards its formal institutions. Two examples of 'pockets of efficient informal institutions' in Bangladesh include the well-functioning privileges and special arrangements for the RMG sector, and the promotion of labour exports and earnings through remittances. However, dividends from these two 'pockets of efficient informal institutions' are on a decline, and the elites have not been able to create any such new 'pockets'.

(b) The supremacy of the 'deals environment' over coordinated industrial policy: Under the current development strategies, significant investment or resource allocation choices are frequently the outcome of agreements, or 'deals,' between the political and business elites. These arrangements are for specific activities or programs that are decided on an ad hoc basis, rather than following a well-defined overall strategy. Deals involving RMG exports resulted in positive outcomes. Others didn't or didn't allow better choices, such as export diversification, to be pursued. To be sure, deals do not have to be incompatible with formal industrial strategies as long as they are part of a well-defined overall plan, and the state retains complete

control over the support given to specific industries. However, it is unclear whether the deals-environment in Bangladesh fits this requirement.

It is important to note that industrial policy is inextricably linked to the government's other policy instruments, such as macroeconomic policy (e.g., the real exchange rate), public infrastructure, and SEZ management. Bangladesh's business climate is noticeably unfavourable, and improving Bangladesh's standing in business climate indices is a primary focus in that regard.

(c) The challenges of effective regulation: The challenge the government faces in regulating certain key activities to achieve more efficiency and equity in the economy is referred to as the 'problem of effective regulation'. In some circumstances, the legal framework for such regulation is at issue, which may be antiquated or otherwise inadequate for the goal pursued, and in which reform attempts have continually failed. In other circumstances, the framework may exist, but there isn't enough capacity to put it into action.

Many examples of weak regulatory enforcement include non-compliance with legal standards in the banking industry, the weak enforcement to improve labour conditions and factories' working conditions in a crucial sector like RMG, the poor performance of taxation, and capital flight. However, regulatory inadequacies can be detected in a wide range of domains, including public transportation, drug administration, and even the Anti-Corruption Commission. Their result is a waste of resources, such as excessive NPLs in the banking sector or SROs in taxation, their misallocation, social damage and lost lives in Rana Plaza-style accidents, numerous scam scandals in the banking sector, and rising inequality, as rules violations disproportionately benefit the wealthy while harming the poor. The economic cost of these rule violations may be significant, despite how difficult it is to assess.


(d) The challenges of state capacity: Bangladesh's major governance failure manifests itself in a variety of ways. Some are obvious, such as a lack of public resources, resulting in the limited provision and poor quality of public goods, a lack of public service capabilities, or an inefficient administrative structure. Others are less obvious, such as the widespread corruption in most administrative clusters, which makes public service delivery inefficient and inequitable, cuts revenues, and discourages economic projects. The judiciary is known for its lack of capacity. The judiciary is ineffectual in major areas, particularly in the protection of property rights, due to a lack of resources and a high level of corruption.

Can Bangladesh achieve bigger development goals with business-as-usual processes? There are concerns that the weak institutional capacity of the country may work as a binding constraint as the country eyes to meet the stiff targets of the Sustainable Development Goals (SDGs) set for 2030, aspires to become an upper middle-income country by 2031, and has the vision to become a developed country by 2041. The poor pace of improvement of formal institutions will remain to work as a binding constraint to meeting many of the development targets mentioned above.

Based on the forthcoming volume from the Cambridge University Press Ltd – "Is the Bangladesh Paradox Sustainable?" Edited by Selim Raihan, François Bourguignon, and Umar Salam


Dr Selim Raihan, Professor of Economics, University of Dhaka and Executive Director, SANEM. Email: selim.raihan@gmail.com

Welcome Remarks



Dr Selim Raihan, Professor of Economics at the University of Dhaka, Bangladesh, and Executive Director at SANEM, commenced the conference with his welcome remarks, where he expressed his gratitude to co-organizer World Bank and participants of the conference. Dr Raihan began his speech by discussing the importance of sharing ideas and building networks. Upon outlining the structure of the conference, he introduced its theme and emphasized the need to understand the nature of shocks in South Asia. Dr Raihan identified four areas to be crucial for building resilience which were broad-based economic growth strategies, prudent macroeconomic management, a strong social sector encompassing health, education and social protection, and finally, enhanced institutional capacity.

Keynote Address



The keynote speech of the conference was delivered by Mr Hans Timmer, Chief Economist for the South Asia region at the World Bank, in which he discussed various short- and long-term challenges facing South Asia, along with the development strategies required to mitigate them. Mr Timmer discussed the specific challenges that the region and its economy faced due to the pandemic. Subsequently, he addressed the issue of commodity prices and its effect on the South Asian economies provided they are heavily import-dependent nations. Discussing the macroeconomic challenges, primarily related to exchange rate policies, that are persistent in Sri Lanka, Pakistan and to some extent in Bangladesh, Mr Timmer shared his insights on the overall macroeconomic situation persisting in these countries. Upon juxtaposing the short and long-term crises, Mr Timmer then shed some light on the existing debate of whether to adopt short-term or long-term measures to recover from a crisis. According to Mr Timmer, arguments on both sides have a certain credibility. But in the case of South Asia, he stated, one certain structural challenge is responsible for its short-term challenges and long-term impediments. He identified the underutilization of capacity to be the key reason for the sluggishness of the economies in the region, which is caused by less female participation in the labor force and low productivity. Therefore, he concluded, the importance of building a productive and inclusive regional economy is paramount.

Session 1 Macroeconomic Challenges



The first session, on the macroeconomic issues concerning India, Pakistan and Bangladesh, was chaired by Dr Selim Raihan, Professor of Economics at the University of Dhaka, Bangladesh, and Executive Director of SANEM. The session commenced with a presentation by Dr Barun Deb Pal from IFPRI, India, who delivered a paper titled "How Far Can Macro-Economic Policies Help Revive Indian Economy during the Pandemic? A Computable General Equilibrium Analysis". The paper was co-authored by Dr Sanjib Pohit, a professor at NCAER, India, and Dr Meenakshi Rajeev, the RBI Chair Professor at the Institute for Social and Economic Change, India. In this research, the authors examined the efficacy of the relief package that was disbursed by the government of India in order to aid the recovery of its Covid-affected economy. The presenter discussed the policy of credit-linked subsidy as it ignored the producers' lack of confidence in the market, and emphasized the importance of incentivizing the producers. The second paper of the session, titled, "Demanding the Last Mile: Foreign Aid and Political Participation in Pakistan", was presented by Ms Syeda ShahBano Ijaz, a PhD student at the University of California at San Diego, USA. Ms Ijaz aimed to explore whether foreign aid programs improve political participation and accountability in recipient states, and concluded that such programs mobilize voters to demand last mile services from their elected representatives, thereby improving democratic engagement at the last mile. Lastly, Mr Zaeem-Al Ehsan, a Research Associate at The World Bank, South Asia Region, Poverty & Equity Global Practice, discussed his study entitled "Filling in the Blanks from Outer Space—Estimating District-level GDP Using Nightlights". This study was co-authored by Dr Syed Basher, a Professor of Economics at East West University, Prof. Salim Rashid, also from East West University, and Mr Mohammad Riad Uddin from IFPRI, Dhaka. In their work, the authors attempted to study the accuracy with which district-level GDPs can be predicted using the available data on nightlight intensity.

Special Address



A special address regarding regional cooperation in South Asia was delivered by Ms Cecile Fruman, Director of South Asia Regional Integration and Engagement, World Bank. Upon identifying South Asia as one of the least integrated regions with many

Session 2 Health Sector Challenges and Development



Dr Maurizio Bussolo, Lead Economist at the South Asia Region Office of the Chief Economist, World Bank, chaired the second session on "Health Sector Challenges and Development". Dr Moogdho Mahzab, a Postdoctoral Fellow at Stanford University, USA, presented the first paper of the session on "Impact of Community Clinics on Health Outcomes: A Natural Experiment in Bangladesh". Dr Kate Vyborny, Associate Director at DevLab, Duke University, USA, Dr Erica Field, a Professor of Economics and Global Health at Duke University, USA, and Ms Nina Buchmann, a PhD student in Economics at Stanford University, USA, were the co-authors of this research paper. With the case of Bangladesh in the backdrop, the authors of this paper explored the causal impact of community-based health clinics' presence on child and maternal mortality. Mr Kazuki Motohashi, a PhD student in Economics and Public Policy at Tufts University, USA, then presented his paper on "Unintended Consequences of Sanitation: Negative Externalities on Water Quality and Health in India". Contextualizing the "Swachh Bharat Mission" of India, the presenter showed that the direct positive health effects of this policy, such as the reduction in diarrheal mortality, is being offset by the water pollution externalities caused by the lower treatment capacity. He also inferred that effective treatment of faecal sludge is required to increase the efficacy of the sanitation policy. Lastly, Mr Md Shahadath Hossain, a PhD student in Economics at Binghamton University, USA, discussed his research on "The Hidden Costs of Illness: Effect of Parental Illness on Child Health in Bangladesh". In his research, Mr Hossain showed that parental illness can be a reason behind poor resource allocation in the household, which exposes their children to the risk of facing higher food insecurity and lower protein consumption. Additionally, it can cause early life stress which can lead to the children having disease conditions such as diarrhea. These outcomes of parental illness, combinedly, have substantial negative impacts on the health of their children.

barriers to cooperation, Ms Fruman talked about the importance of facilitating dialogues among researchers in order to initiate progress. She outlined two points highlighting the necessity of coordination between World Bank and researchers. Subsequently, Ms Fruman discussed about the challenges associated with climate change noting the susceptibility of the population residing in this region. Finally, she talked about World Bank's inclusive approach to increase female participation in the labor force, referring to its economic benefits such as increased growth and greater resilience. She ended her speech by encouraging researchers to bring forth evidence-based research that can help promote regional cooperation in South Asia.

Session 3 Inequality Dynamics



This session was chaired by Dr Ana Maria Munoz Boudet, Senior Social Scientist at the Poverty Global Practice, World Bank. The session began with a paper presentation on "Hidden in Plain Sight: Asymmetric Information and Hidden Income within the Household" by Ms Sally Zhang, a PhD student at Stanford University, USA. The paper explored household members' behaviour with respect to income and expenditure. The paper demonstrated that household members hide up to one-fifth of their employment income which can affect the consumption pattern of the household negatively. Consumption of private goods, such as tobacco and transfers to extended family, increases when income is hidden, while protein consumption of the children in the family declines. Consequently, children and adult girls are more likely to be underweight, whereas adult boys are less likely to be employed. Following that, Dr Ahmad Shah Mobariz, a Postdoctoral Associate at the University of Pittsburgh, USA, presented his paper on "Foreign Military Withdrawal, Male Migration, and Female Education" where he analyzed the responses of Afghan men and women to the U.S. withdrawal. He confirmed that the female participation in higher education increased significantly upon the withdrawal of the military, while the male participation remained rather stagnant. He identified the contraction of the Afghan economy, in the form of reduced income and job opportunities, to be the mechanism of this correlation. He also inferred that due to cultural restrictions, women failed to emigrate unlike their male counterparts which led them to aspire for higher education instead, causing the aforementioned increase in female higher education. The last paper of the session titled "Dynamics of International Migration, Remittances, and Inequality in Rural Bangladesh" was presented by Mr Mahtab Uddin, a PhD student at the Global Development Institute, The University of Manchester, UK. In his work, he showed that rural inequality initially increases with the increase in remittances, since very few households can facilitate migration due to credit constraints and less access to migration network. However, as migration cost declines, asymmetry of information reduces and market access increases, more families begin to join the bandwagon of migration which eventually leads to the reduction in rural inequality.



Session 4 Trade and Development



Dr Syed Akhtar Mahmood, Former Lead Private Sector Specialist in the Macroeconomics, Trade and Investment Global Practice of the World Bank Group, chaired the session on "Trade and Development". Ms Israt Hossain, Senior Research Associate at SANEM, presented the first paper of the session on "Does Energy Trade Impact Energy Intensity?". Ms Eshrat Sharmin, also a Senior Research Associate at SANEM, was the co-author of the paper. The paper explored the relationship between energy intensity and energy export, import and renewable energy consumption. The paper showed that energy trade has a positive relationship with energy inefficiency while consumption of renewable energy has a negative relationship with it. Dr Md Deluair Hossen, a Post Doctorate Research Associate at the Department of Agricultural & Resource Economics, University of Tennessee, Knoxville, USA, then presented his work on "Financing Costs, Per-Shipment Costs and Shipping Frequency: Firm-Level Evidence from Bangladesh" at the session. Elaborating the research question, Dr Hossen pointed out that shipping frequency increases with higher financing costs, longer delivery periods and lower per-shipment fixed costs. In addition to that, he found that the effect of per-shipment costs on shipping frequency is stronger for Bangladesh when compared with the developed countries, which necessitates trade cost reduction and aid for trade policies. Dr Devaki Ghose, an Economist at the Trade and International Integration Unit, World Bank, discussed her work on "Fertilizer import ban, agro-exports, and welfare: Evidence from Sri Lanka" which was co-authored by Dr Eduardo Fraga, Dr Ana Fernandes and Dr Gonzalo Varela from the World Bank. The paper focused on the aggregate and distributional consequences of a sudden shift in Sri Lankan agricultural policy on production, trade and welfare. The policy was an import ban on fertilizers, which led to a reduction in rice production and fertilizer-intensive agro-exports in Sri Lanka. The session concluded with a presentation on "Linkages between Industrial Enclaves and Firm Performance: Evidence from South Asia" by Dr Mitali Pradhan, Assistant Professor of Economics at Farmingdale State College, USA, where the author revealed that the firms located within industrial enclaves in South Asia are associated with higher sales, labor productivity and better export performance compared to non-enclave firms.



Session 5 Development Issues I



Dr Jean Nahrae Lee, a Senior Economist at the South Asia Region Office of the Chief Economist, World Bank, was the chair of this session. The session was focused on the diverse scenario of development in South Asia. Papers on impact of monetary policies, microcredit programs, and household dynamics in the context of India, Bangladesh, and Nepal. The session started with Dr Khawaja Mamun, Associate Professor at Sacred Heart University, USA, presenting his research paper on "The Macrodynamics of Indian Rupee Swap Yields" which was co-authored by Dr Tanweer Akram, Senior Economist at Citibank, USA. Contextualizing the growing Indian banking sector in the post-pandemic economy, the authors explored the effects of the interest rate policies by the Reserve Bank of India (RBI) on the derivatives market. The paper also examined the significance of the Keynesian conjecture regarding the relationship between short-term and long-term interest rates for Indian rupee swap yields; it was found that the effect is generally higher for shorter-term tenor of INR swaps. It was followed by a presentation by Ms Ayesha Ahmed, a PhD student at the University of California-Davis, USA, on "Who Benefits from the Agricultural Microcredit Program?". Her work aimed to analyze if the perception regarding default among various groups of beneficiaries impedes their access to microcredit. It also focuses on joint liability microcredit programs to understand if such programs are catering to relatively wealthier agents instead of targeting the poorest of the poor. Lastly, a presentation on "Principal-Agent Problems in the Purchase of Household Durables: Evidence from Nepal" by Dr Nirmal Kumar Raut, Associate Professor at the Central Department of Economics, Tribhuvan University, Nepal, concluded the session. The paper explored the existence of principal-agent problems in the context of purchasing household durables, inferring that such problems can lead to sub-optimal outcomes via asymmetric information. Additionally, the paper also examined the severity of this problem in the varying setting of intra-household decision making. Professor Massimo Filippini from the Center of Economic Research, ETH Zurich, Switzerland, and Dr Suchita Srinivasan, Postdoctoral Research Fellow at the Center of Economic Research, ETH Zurich, Switzerland, were the co-authors of this paper.



Session 6

Gender and Equity



Dr Nele Warrinnier, an economist at the South Asia Region Office of the Chief Economist, World Bank, served as the chair in this session. Dr Aaditya Dar, an economist at Amazon and Assistant Professor of Economics at the Indian School of Business (on leave), USA, commenced the session with the presentation on his paper titled "Alcohol Prohibition and Violence against Women", of which Dr Abhilasha Sahay, an economist at the World Bank, was a co-author. The paper attempted to analyze the causal effect of an alcohol prohibition policy on violence against women, and found that such a policy in Bihar, India has led to increased sexual violence against women, including rape. The paper also identifies the perverse psychological mechanisms among the male population alongside the added burden of enforcing alcohol ban on the police forces to be the demand and supply side driving factors behind this status quo. The second paper of the session, titled "Power Gendered Resource Theory: Linking Neighborhood Wealth Comparisons and Wife Abuse", was presented by Mr Akarshik Banerjee, a PhD student at the University of Wisconsin-Madison, USA. In his paper, Mr Banerjee showed that although the Gendered Resource Theory (GRT) holds for the Indian subpopulation, neighborhood wealth comparison significantly impacts Intimate Partner Violence (IPV) through the channel of self-esteem. The third paper of the session, titled, "Trade Liberalization and Gender Inequality in India: A Task-Content of Occupations Approach", was presented by Dr Shruti Sharma, an Assistant Professor of Economics at City University of New York, USA. Through her research, Dr Sharma confirmed that competition created by output tariff liberalization reduces the employers' scope to practice taste-based discrimination. Consequently, that increases female employment in manual and cognitive routine occupations. The session ended with a presentation by Dr Arun Balachandran, a Postdoctoral Fellow at the University of Maryland, USA, on his paper "Transportation, Employment and Gender Norms: Evidence from Indian Cities". The paper was co-authored by Professor Sonalde Desai from the University of Maryland, USA, and the National Council for Applied Economic Research, India. The paper established that easier transportation significantly improves the status quo of female labor force participation.

Session 7

Development Issues II



This session was chaired by Dr Margaret Triyana, a Senior Economist at the South Asia Region Office of the Chief Economist, World Bank. The session featured papers on child development, the impact of colonial land redistribution, and educational inclusiveness. The session started with a presentation by Dr Sadia Priyanka, an Assistant Professor of Economics at Connecticut College, USA. She presented her paper on "Intergenerational Effect of an Education Stipend Program on Child Development: Evidence from Bangladesh". The paper was co-authored by Dr Raisa Sara, an Assistant Professor at Sam Houston State University, USA. The research found that mothers' exposure to the Female Secondary School Stipend Program (FSSSP) led to significant improvement in children's cognitive and non-cognitive skills development through various channels such as changes in household resources, parental involvement and approach. Dr Priyanka also emphasized on the policy implications of her research. She pointed out that education policy catering to adolescent girls can have significant effect on long-term intergenerational mobility. The second paper in the session was presented by Mr Chowdhury Amir Abdullah, a Master's student at North Carolina State University, USA. Titled, "Inclusiveness in Higher Studies in Bangladesh", the paper was co-authored with Ms Ayesha Ahmed, a PhD student in Economics at the University of California, Davis, USA. The paper attempted to scrutinize how gender, wealth quintile and region contribute to the relative changes in tertiary education enrollment, and concluded that higher education is significantly more accessible to rich, male and urban subpopulation groups. Mr Abdullah concluded his presentation with the suggestion to follow region and group-based approach while formulating policies, and to enhance the capacity of vocational and technical training. It was followed by a presentation on "Long-Run Effects of Colonial Land Redistribution: Evidence from India" by Mr Kartikeya Batra, a PhD student in Economics at the University of Maryland, USA. In his paper, the author sought to examine the impact of the colonial land redistribution policy on wealth, human capital and economic activity in India. He ended his presentation with the conclusion that after two centuries of the colonial land redistribution policy, reformed areas witness better socio-economic outcomes with lower adherence to traditional norms

Session 8

Labor Market



This last session of the conference was chaired by Dr Zoe Xie, a Senior Economist at the South Asia Region Office of the Chief Economist, World Bank. The session began with a presentation by Mr Mir Tanzim Nur Angkur, a PhD student in Applied Economics at Western Michigan University, USA, on his paper on "The Economics of Remittance Receipts in a Refugee Camp: The Case of Rohingyas in Bangladesh", where he showed that the remittances affect the livelihood strategies of the Rohingya refugees and the host community differently. With local restrictions on their livelihood activities and declining foreign aid, the Rohingya community are trying to survive in a dire economic environment. Mr Angkur suggested that, under these circumstances, authorities should facilitate communication for remittance receipts as it could prove to be a coping strategy for the Rohingyas. Subsequently, Mr Sibbir Ahmad, a PhD student at Michigan State University, USA, and a Short-Term Consultant at the World Bank, presented his research paper titled "Labor Market Discrimination in Bangladesh: An Experimental Evidence", which was co-authored by Dr Songqing Jin and Dr Veronique Theriault, both from Michigan State University, USA, alongside Dr Klaus Deininger from the World Bank. In this paper, the authors aimed to investigate the existence of discriminatory practices in Bangladeshi labor market on the basis of high school background, religious attire and gender. Upon confirming that such differential treatment exists, the presenter emphasized the necessity of formulating relevant anti-discriminatory policies. Lastly, Mr Towhid Iqram Mahmood, a PhD student in Agricultural and Applied Economics at Texas Tech University, USA, presented the final paper of the conference captioned "Anti-Sweatshop Activism and the Safety-Employment Tradeoff: Evidence from Bangladesh's Rana Plaza Disaster". Dr Kevin Grier from the Department of Political Science at Texas Tech University, and Dr Benjamin Powell from the Rawls College of Business Administration at Texas Tech University were the co-authors of this paper. The research found that the reaction to the Rana Plaza disaster has increased garment industry worker safety in Bangladesh, and the trade-off for this greater safety has been a decrease in the number of firms and employment in the garment industry of Bangladesh.



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.

