



The Political Economy of Policy Response to COVID-19

Osmani, S. R., & Siddiquee, M. (2024). The Political Economy of Policy Response to COVID-19: The Case of Bangladesh. *Journal of Asian and African Studies*. Advance online publication. <https://doi.org/10.1177/00219096241270689>

[Link to publication record in Ulster University Research Portal](#)

Published in:

Journal of Asian and African Studies

Publication Status:

Published online: 21/08/2024

DOI:

[10.1177/00219096241270689](https://doi.org/10.1177/00219096241270689)

Document Version

Author Accepted version

General rights

The copyright and moral rights to the output are retained by the output author(s), unless otherwise stated by the document licence.

Unless otherwise stated, users are permitted to download a copy of the output for personal study or non-commercial research and are permitted to freely distribute the URL of the output. They are not permitted to alter, reproduce, distribute or make any commercial use of the output without obtaining the permission of the author(s).

If the document is licenced under Creative Commons, the rights of users of the documents can be found at <https://creativecommons.org/share-your-work/licenses/>.

Take down policy

The Research Portal is Ulster University's institutional repository that provides access to Ulster's research outputs. Every effort has been made to ensure that content in the Research Portal does not infringe any person's rights, or applicable UK laws. If you discover content in the Research Portal that you believe breaches copyright or violates any law, please contact pure-support@ulster.ac.uk

**THE POLITICAL ECONOMY OF POLICY RESPONSE TO COVID-19:
THE CASE OF BANGLADESH**

S. R. Osmani and M. S. H. Siddiquee*

* S. R. Osmani (corresponding author) is Professor of Development Economics at Ulster University, UK and M. S. H. Siddiquee is Professor of Economics at the University of Dhaka and a part-time Research Fellow at the Brac Institute of Governance and Development (BIGD) in Dhaka, Bangladesh.

Abstract

This paper examines the response of the Government of Bangladesh to COVID-19 from a political economy perspective. We argue that the support package implemented by the government had a distinct bias that went against the interests of the poorer segments of the society but conformed neatly with the government's quest for political legitimacy. Our analysis of the support package makes a distinction between protection-orientation and growth-orientation. Protection-orientation refers to the presence of programs that intervene directly to protect the poor households and individuals who faced the threat of hunger after losing their livelihoods during the lockdown. Growth-orientation refers to the presence of programs whose proximate impact would be on the revival of economic growth through enterprise support; any impact on the distressed households would be indirect – in so far as growth revival may lead to the revival of livelihoods as well. Our analysis finds that the economic support package designed and implemented by the Government of Bangladesh was heavily biased towards growth-orientation to the relative neglect of protection-orientation, with seriously adverse consequences for the well-being of the people. The paper contends that the rationale of this bias resides in the realm of political economy of governance. Specifically, we argue that growth-orientation was an act of deliberate choice dictated by what the present regime perceives to be the foundations of its political legitimacy.

Keywords: COVID-19, Bangladesh, Political Economy, Social Security, Economic Growth

JEL Classification: H12, I18, I38, O40, O53

Introduction

This paper examines the response of the Government of Bangladesh to COVID-19 from a political economy perspective. Like most other countries afflicted by the sudden outbreak of COVID-19 in early 2020, Bangladesh also experienced severe disruptions in economic life caused by the pandemic itself as well as by the Government's response to it. The Government imposed a temporary lockdown with a view to controlling transmission of the virus and at the same time adopted a policy package to minimise the adverse economic consequences of the lockdown. Our analysis of the support package reveals a distinct bias, which is the object of our enquiry. While analysing the nature and characteristics of the support package, we make a distinction between protection-orientation and growth-orientation. Protection-orientation refers to the presence of programs that intervene directly to protect the poor households and individuals who faced the threat of hunger after losing their livelihoods during lockdown. Growth-orientation refers to the presence of programs whose proximate impact would be on the revival of economic growth through enterprise support. In this orientation, any impact on the distressed households would be indirect – in so far as growth revival may be expected to lead to the revival of livelihoods as well. Our analysis finds that the economic support package designed and implemented by the Government of Bangladesh was heavily biased towards growth-orientation to the relative neglect of protection-orientation, which predictably had an adverse consequence for the well-being of the people. We suggest that the rationale of this bias in government response resides in the realm of political economy of governance. Specifically,

we argue that growth-orientation was an act of deliberate choice dictated by what the present regime perceives to be the foundations of its political legitimacy.¹

We begin with an analysis of the support package – in terms of its characteristics as well as its impact on the poor. This is followed by a political economy analysis of the rationale of the strategy underlying the support package.

The Economic Support Package: Characteristics and Impact

The first case of COVID-19 was detected in Bangladesh on 8 March 2022. On 23 March, the government imposed a countrywide lockdown which required all but the most essential economic activities to shut down. Most economic activities outside agriculture and essential services came to a standstill, causing severe strain on economic enterprises on the one hand and destroying the livelihoods of millions of people on the other. In order to mitigate the economic stress on the enterprises and to provide relief to those who had lost their livelihoods, the Government of Bangladesh implemented a series of measures over the next few months, which were called stimulus packages, although most of them were in the nature of ‘relief and rescue’ rather than stimulus.

The combined monetary value of the package announced part by part in the year 2020 stood at BDT 1107 billion, or roughly USD 13 billion, which amounted to 3.96 percent of GDP.^{2,3} Actual fiscal commitment of the government was much lower, however. The official

¹ For the empirical foundations of the arguments presented in this paper, the authors draw heavily from a comprehensive assessment of COVID-19 response of the Government of Bangladesh presented in Osmani and Siddiquee (2021).

² See Osmani and Siddiquee (2021, Table 11, p.134). Official documents cite a slightly higher figure of BDT 1240 billion (USD 14.6 billion) or about 4.44 percent of GDP (Bangladesh Bank 2021, Table 1, p.10).² However, as explained by Osmani and Siddiquee (2021: 133), the official estimate involves some overestimation. After adjusting for this overestimation, they arrive at the figure of BDT 1107 billion, which is about 11 percent lower than the official figure.

³ For comparison, in other countries of the South Asia region, the size of the economic support package as a percentage of GDP was 14 percent in Bhutan, 10 percent in India, 3.1 percent in Pakistan, 2.8 percent in Maldives and 0.4 percent in Sri Lanka (Bangladesh Bank 2020: 3).

documents do not provide a comprehensive account of financing for the package as a whole. Instead, by making claims such as the government is offering support to the tune of some 4 percent of GDP or more, an impression was given as if the entire money was coming out of the government budget. This was far from the truth. The government budget, or the fiscal burden, was only one source of funds, and it was not the biggest one. A much bigger source was creation of new money.⁴

The fiscal burden of the government had three components: (1) various subsidy programs, including interest subsidy in low-cost working capital loans disbursed through commercial banks to distressed enterprises, (2) the scheme for paying wages to the workers of export-oriented garments industries, and (3) most of the social protection types of programs – such as free food and cash distribution, enhanced social security programs and so on. The combined fiscal cost of these components was no more than 0.5 percent of GDP i.e., only about one-eighth of the total fund was to come from the government budget.

The rest came from creation of new money, which was done in two ways. The first was refinancing by the Bangladesh Bank, the central bank of the country. Many of the support measures (mainly low-cost working capital loans) operating through the commercial banking system had a component of refinancing from the Bangladesh Bank. The combined value of refinancing through various schemes amounted to about 1.5 percent of GDP. Refinancing, however, is nothing but one way of creating new money, through the creation of base money.

The second source of new money was activation of commercial banks' idle balances. In a large number of programs, the loanable funds were supposed to come from the commercial banks' own resources. As economic activities came to a sudden halt with the imposition of lockdown in late March 2020, the banking system was saddled with idle liquidity as the

⁴ For detailed analysis of the sources of financing, see Osmani (2020) and Osmani and Siddiquee (2021). Only a brief summary is provided below.

avenues for lending began to disappear. The prevailing state of uncertainty created further problem by discouraging banks from lending through any avenues that might have remained open. In a bid to encourage banks to activate their idle liquidity, they were given incentive through interest rate subsidy, offered partly from the government budget and partly through refinancing facility from the Bangladesh Bank at a cheap rate of interest. The loans that the banks were thereby encouraged, and sometimes required, to offer from their own resources constitutes the main source of financing the economic support package, amounting to close to 2 percent of GDP, or roughly half of the entire package. Activation of idle balances is, however, just another means of creating new money by increasing the size of the money multiplier. Thus, the two sources of new money together provided as much as 3.5 percent of the overall package of about 4 percent of GDP, leaving only about 0.5 per cent of GDP committed through the government budget.

In terms of fiscal commitment, therefore, the support package was quite modest. Unfortunately, even this most commitment was not delivered fully. By the end of October, 2020, i.e., after more than six months of announcing the major schemes, less than half (43.7 percent) of the allocated fund was disbursed (MOF 2020; Bangladesh Bank 2021), indicating a serious failure of implementation.⁵

Apart from low level of fiscal commitment and poor utilization, yet another disconcerting feature of the support package was its orientation in terms of the beneficiaries directly targeted by the programs. A close look at the list of programs reveals that the support was aimed at two broad groups of actors – (1) economic enterprises which were badly affected

⁵ In stark contrast, the Planning Minister declared with some satisfaction that “There are some faults but broadly we have been successful in implementing the stimulus packages.” See the story “More Stimulus to Offset Covid Shock” in *The Daily Star*, 4 December 2020.

by the economic collapse brought about by the lockdown⁶ and (2) households or individuals who had lost their entitlements to food and other essentials of life as their livelihoods disappeared due to economic collapse⁷. The proximate objective of offering enterprise support was to help revive economic growth i.e., to climb out of the economic collapse caused by the lockdown, and the proximate objective of offering entitlement support was to provide social protection against hunger and deprivation stemming from the loss of livelihoods. We can thus identify two different orientations of the support programs – namely, growth-orientation and protection-orientation.⁸

The distribution of funds by orientation is shown in Figure 1 in terms of the share of funds and in Figure 2 in terms of percentage of GDP. In terms of funds allocated, nearly 80 percent went towards programs with growth-orientation and only 20 percent towards programs with protection-orientation (Figure 1). While total expenditure on growth-oriented programs accounted for 3.8 percent of GDP, the expenditure on protection-oriented programs accounted for just 0.8 percent of GDP (Figure 2).

[Figure 1]

[Figure 2]

The bias towards growth orientation is obvious. It is evident that the primary objective of economic support was not to provide direct protection to the millions who had lost their

⁶ The major programs in this category included (a) Working Capital Loans to Large-Scale Industries and Service Sector, (b) Working Capital Loans to Micro, Small and Medium Enterprises (CSMSEs) (c) Expansion of the Export Development Fund, (d) Pre-shipment Credit Refinance Schemes for Export Industries and (e) Agriculture Refinance Scheme.

⁷ The major programs in this category include (a) Salary Support to Export-Oriented Manufacturing Industry Workers, (b) Refinanced Loan Schemes for Lower-Income Professionals, Farmers and Traders, (c) Low-interest loans to Rural Poor Farmers, Expatriate Workers and Trainee and Unemployed Youth, (d) Cash Transfer to Targeted Poor People, (e) Enhanced Allowances for Disadvantaged Elderly people, Widows and Female Divorcees in Selected regions, and (f) Sale of Rice at a Subsidised Price to Affected Poor people.

⁸ A complete distribution of the programs according to this classification can be found in Tables 13 and 14 of Osmani and Siddiquee (2021).

livelihoods due to the lockdown but to revive economic growth. To the extent that the support was to reach the poor people, it was to happen mainly indirectly as revival of growth was expected to revive livelihoods as well.

Some of the official documents clearly acknowledge the growth-oriented focus of the support package. For example, the preface to an evaluation of the package by the Bangladesh Bank states,

“Consequently, economic activities across all sectors squeezed, causing Bangladesh’s GDP growth to decelerate to 5.24 percent in FY20 from 8.15 percent in FY19. In order to prevent further economic fallout and to restore the economy, the government declared a comprehensive stimulus package worth more than BDT 1.24 trillion which is around 4.44 percent of GDP...*The main objective of the policy measures is to support faster recovery of economic growth* for sustaining the livelihood of the people.” (Bangladesh Bank 2021:v) (emphasis added.)

In a similar vein, an evaluation by the Ministry of Finance concludes,

“It is evident from this depiction of the recent state of our economy that through the implementation of the timely and effective stimulus packages announced by the Honourable Prime Minister, the government has been able to create and protect employment, generate internal demand and revive economic activities and as a result the economic momentum has turned around and has started to return to the high growth path. Once the COVID situation comes under control, our economic growth will reclaim its own speed towards the end of the year.” (MOF 2020:95).⁹

⁹ Authors’ translation from Bangla document.

Bangladesh was perhaps unique in laying emphasis on growth revival as opposed to direct economic support to jobless people and distressed small businesses at the very beginning of the pandemic. In the rest of the world, the immediate attention was on social protection, with attention shifting to growth revival only after the at least the first wave of the pandemic seemed to be subsiding. We shall investigate in the next section the government's rationale behind the choice of growth-orientation of its support package. Before doing so, however, it is pertinent to ask: how well did the strategy serve the poor? In particular, how well did the strategy of reaching the poor indirectly through livelihood revival, as distinct from directly through social protection, work in practice?

The Ministry of Finance in its own evaluation came to the cheerful conclusion that “The marginalised people in the country *did not face any shortage of food* because of the cash and food aid provided under the stimulus scheme. The possibility that these people would slide below the poverty line once again has also been reduced.”¹⁰ (emphasis added) The report, however, did not produce any evidence or data on food consumption of the poor to back its claim. In contrast, several independent studies based on actual surveys of households around the country have depicted a rather grim picture.

A survey carried out jointly by the Power and Participation Research Centre (PPRC) and the Brac Institute of Governance and Development (BIGD) on a sample of 7,638 households between June 20 and July 2 found that more than 60 percent of the poor and low-income population who suffered income losses because of the coronavirus-induced economic downturn *did not receive any support* from the public and private sectors. Only 39 per cent of households got some assistance between April and June, but it amounted to a paltry 4 percent of their lost income (PPRC-BIGD 2000b). In an earlier survey of the same set of households, it was found that they had lost up to 80 percent of their income immediately after the lockdown

¹⁰ “Tk 1,21,353Cr Stimulus Packages: 39 pc disbursed in six months”, *The Daily Star*, 27 November, 2020.

(PPRC-BIGD 2000a). If food and cash support provided by the government helped recover a meagre 4 percent of such a huge loss of income, it is hard to imagine how the marginalized groups could have avoided shortage of food because of these programs as claimed by the Ministry of Finance.

The same study also revealed that the strategy of restoring livelihoods through growth revival was not of much help either. In the immediate aftermath of the lockdown, the proportion of the crisis-caused ‘new poor’ was found to be as high as 22.8 percent (in addition to some 20 percent of ‘old poor’) (PPRC-BIGD 2000a). The resumption of economic activities reduced that proportion only marginally to 21.7 percent by the end of June (PPRC-BIGD 2000b). In the absence of either direct support or indirect help through recovery of livelihood, the poor and vulnerable people continued to depend on savings and to cut food consumption to survive.

The situation did not improve much even six months after the lockdown was relaxed in May-June, according to a large-scale sample survey carried out by the South Asian Network on Economic Modeling during December and November 2020 (SANEM 2021). The survey was carried out over a sample that was surveyed earlier in 2018, which provided a pre-COVID benchmark.¹¹ The new survey found the rate of poverty to be as high as 42 percent compared to the benchmark of 21.6 percent and extreme poverty to be 28.5 percent compared to the benchmark of 9.4 percent. Not surprisingly, given the heightened level of poverty, the study also found that expenditure, especially non-food expenditure, fell sharply in 2020. The extreme poor lowered their expenditure on non-food items by as much as 63 percent, in addition to cutting down spending on food by 30 percent. Expenditure on education was sacrificed across all income strata.

¹¹ The benchmark estimates of poverty and extreme poverty in 2018 were very close to the official estimates for 2019-20.

The fact that even after six months of resumption of economic activities people had to cut down both food and non-food expenditure in such alarming proportions clearly indicates that, while direct food and cash support was wholly inadequate, the strategy of helping the poor indirectly through growth revival did not work either. This conclusion is supported by yet another study which found that the government's stimulus packages reached a meagre 8 percent of total employment of the country (CPD-OXFAM 2020).

The inadequacy of livelihood restoration was no accident; it was an inevitable consequence of the nature of the strategy itself. While the government claimed that it was focussing on growth revival with the objective of restoring livelihoods, in reality it's growth-orientation did not have a corresponding employment-orientation. This is because growth revival was sought by concentrating support mainly on large-scale enterprises, which offer far fewer employment opportunities compared to smaller enterprises, where the bulk of the employment comes from.¹² The relative neglect of smaller enterprises can be seen from Table 1, which reclassifies the growth-oriented into three broad categories – large-scale enterprises, small-scale enterprises (which comprise cottage, micro, small and medium scale enterprises) and agriculture. As can be seen from the table, as much as 68 percent of the fund allocated for the growth-oriented package went to large-scale enterprises as compared with 27 percent for smaller enterprises.

The problem was compounded by the fact that the rate of utilization of funds was much lower for smaller enterprises (27 percent) compared to the larger ones (50 percent). As a result, the disparity in the actual use of funds was even wider than what is suggested by the allocation

¹² According to official statistics, some 86 percent of employment outside agriculture is provided by the smaller enterprises – known officially as the 'Cottage, Micro, Small and Medium Enterprises' (CMSME) (BBS 2015).

of funds. Out of the total utilized funds (by the end of October 2020), as much as 78 percent went to larger enterprises and only 16 percent to the small sector.¹³

The consequent dire condition of the small sector has been revealed by a study on the micro, small and medium enterprises (MSMEs) carried out in the first half of June i.e., a couple of months after the support packages were unfurled (Kader and Pattanayak 2020). The study found that within a month of the lockdown a whopping 37 per cent of employees in this sector had lost their jobs, either temporarily or permanently. After two months, as many as 70 per cent of all workers were still found in vulnerable jobs, with businesses either temporarily closed or only partially open. Furthermore, the survey revealed that 76 percent of the firms were not even aware of any support package and only 0.4 percent reported to have received financial support from banks under the Covid-19 package.

Furthermore, even the support package offered to the large-scale sector failed to provide complete protection to the workers engaged in this sector. A study of the export-oriented garments sector has found that even though the government offered wage subsidy to them for four months under the condition that the workers must not be laid off, in practice nearly a quarter of the factories did lay off workers for several months before recruiting them back and more than one-fifth did not pay anything to the retrenched workers (CPD 2021). Among the workers who were temporarily retrenched, 21 percent reported that they did not receive any support at all and 36 percent said they received only partial support.

It is not surprising, therefore, that the push for growth revival did very little to revive livelihoods for the vast majority of poor workers who were hit the hardest by the lockdown. In summary, in its quest for growth-orientation, the Government of Bangladesh designed and

¹³ The relative neglect of small enterprises is not unique to Bangladesh, but the bias has been especially severe in Bangladesh compared to other developing countries of Asia. For example, the share of the overall package earmarked for the small sector was 38 percent in India and 34 percent in Thailand as against only 22 percent in Bangladesh (Rahman 2021:22).

implemented a support program that not only neglected direct protection of the poor but also neglected employment generation for them, thus stymying any prospect of substantial indirect support through revival of livelihoods.

In a crisis of the kind engendered by a pandemic, one would normally expect a government to focus primarily on protecting the people from hunger and disease, and only secondarily on reviving the country's growth, and that too once the transmission of the disease has come under control. However, the very opposite has happened in Bangladesh. Almost right from the beginning, the economic package designed by the Government was focussed primarily on growth revival and only secondarily on social protection. What explains this apparent paradox?

We shall argue that the answer lies in the realm of politics rather than economics or social policy. What has driven the policy choice is what the present government apparently perceives to be its primary source of political legitimacy – namely, the ability to deliver robust economic growth. While the approach adopted by the government might seem contrary to what a pandemic-induced crisis would normally demand, it was actually quite consistent with the government's chosen strategy for achieving political legitimacy.

Foundations of Political Legitimacy of the Current Regime

All governments seek some form of political legitimacy in order to consolidate their hold on power. One potential source of legitimacy has all along existed in independent Bangladesh – namely, the ability to deliver emancipation of the people from disastrous subsistence crises such as famines and widespread mortality from hunger. To a large extent, this is a legacy of the British colonial rule. A major plank of the Indian nationalist movement was the claim that one of the consequences of British misrule was recurrent famines that destroyed the lives of millions from time to time. The paramount importance of avoiding

famines, and mortality crises in general, has since become deeply ingrained in the collective psyche of both people and politicians of the Indian sub-continent. Bangladesh, being a part of Bengal that witnessed the last major outbreak of famine during British rule (in 1943), had an especially strong reason for sustaining the legacy of laying a great store on famine prevention.

This legacy was further strengthened by a natural calamity that struck just when the opposition to Pakistani misrule, which was gathering momentum throughout the 1960s, was about to reach its peak. A cyclone of unprecedented ferocity, accompanied by tidal waves, devastated the coastal southern region of the country, costing millions of lives in 1970. It has been convincingly argued by some observers that the indifference shown by the Pakistani rulers towards the sufferings and loss of lives wrought by the cyclone played a critically important role in eroding any remaining vestiges of legitimacy of Pakistani rule in the eyes of the people of Bangladesh, or what was then East Pakistan (e.g., Hossain 2018).

That experience, combined with the painful memories of the 1974 famine, has created a legacy whereby no government can hope to gain legitimacy in the eyes of the people of Bangladesh without credibly demonstrating its ability to stave off widespread mortality crises. This is true as much of the formally authoritarian rulers as of the formally democratic regimes that have ruled Bangladesh since Independence. This is a major explanation of how such a climatically vulnerable country like Bangladesh has successfully managed to avoid any catastrophic mortality crisis since 1974 despite being haunted repeatedly by natural calamities of one kind or another (Hossain 2017).

The present government too is keenly aware of this legacy.¹⁴ Like the previous regimes, the present regime has also demonstrated both the resolve and the capacity needed for effective disaster management. To that extent, the current regime does have a claim on the one source

¹⁴ “ ‘Govt always responds fast to disasters’, Says PM as Amphan makes landfall”. *The Daily Star*, May 21, 2020.

of political legitimacy that has acquired the status of a necessary condition for legitimacy for any government in Bangladesh. The problem, however, is that while this a necessary condition, it is not sufficient. As mentioned before, all regimes of the country have fulfilled this necessary condition to a greater or lesser degree. In that respect, all regimes, and the political forces involved in those regimes, can claim to have had the same degree of political legitimacy. So, on what ground would the people prefer one regime to the others?

The answer must turn on the notion of *relative* political legitimacy i.e., the degree of political legitimacy that a particular regime can claim *compared to* its rivals. Insofar as a regime does crave for political legitimacy, it must seek superiority in relative legitimacy compared to what others can claim. The implication is that in a polity in which the competing regimes have an equal claim on one common source of legitimacy, some additional source of legitimacy is needed to tilt the balance in a regime's favor – an additional source that can be claimed to be distinctively and uniquely its own.

In the context of Bangladesh, that additional source of legitimacy could easily have come from a credible promise to deliver the democratic freedoms for which the people of this country have shed their blood time and time again. But it's a supreme misfortune of the people of Bangladesh that all the regimes that have ruled so far have deliberately throttled democratic freedoms in their misguided attempt to hold on to power. The founding of independent Bangladesh was driven at least in part by the aspiration to live in a secular and liberal democracy. That aspiration was quashed soon after Independence as authoritarian regimes of various hues imposed themselves on the people for the best part of two decades. The new dawn of democracy that appeared in 1990 following a mass uprising against authoritarian rule rekindled the hope that the aspiration may finally be fulfilled. But the political rulers have betrayed the people once again. While maintaining a façade of governance through democratic

institutions, successive elected regimes have become increasingly illiberal, repeatedly flouting the fundamental principles of democracy.

The illiberal tendencies have become especially odious under the present regime¹⁵, which has not only disregarded dissident opinions but has systematically eliminated the opportunity to express dissent by strangling the freedom of speech through various overt and covert means.¹⁶ The abuse of the infamous Digital Security Act is one manifestation of this tendency, and enforced disappearance of people with dissident persuasions is another.¹⁷ The political dispensation that currently exists in the country is perhaps best described as what has come to be known as ‘illiberal democracy’ (Zakaria 2003).¹⁸ The decisive shift towards illiberalism has entailed that the promise to deliver democratic freedom was no longer a credible strategy to secure the additional ground of legitimacy that the present regime could have used to ensure superior legitimacy vis-à-vis its political rivals. It had to look elsewhere for this purpose.

In search of this additional ground of legitimacy, some previous regimes have played the religion card, claiming to be better guardians of Islam than others.¹⁹ The ploy did achieve some short-term success, but with pernicious long-term consequences for both internal stability and external relations. In any case, it was not a card that the present Awami League regime

¹⁵ The present regime led by the Awami League, one of the two major political parties in Bangladesh, first came to power in 2008 through what was generally accepted as a free and fair election, and was subsequently re-elected in 2013 and 2018 through elections that were widely viewed as neither free nor fair (Riaz 2014, 2019). Sheikh Hasina, daughter of the Father of the Nation *Bangabandhu* Sheikh Mujibur Rahman, has been the Prime Minister ever since 2008.

¹⁶ For detailed empirical evidence on how illiberalism has come to pervade the polity of Bangladesh, see among others Riaz (2014) and Ali *et al* (2021).

¹⁷ In a very public demonstration of how low the stock of Bangladesh’s democratic credentials has fallen, the US government poignantly left out Bangladesh for the first democracy summit convened in December 2021. More recently, the US government has imposed sanctions on some officials of the Rapid Action Battalion (RAB), a special force that was originally created to bolster the fight against terrorism but has increasingly been used by the government as a tool of repression against dissidents.

¹⁸ Others have described it as a ‘dominant party state of an authoritarian variant’ (Hassan and Raihan 2017).

¹⁹ This is true as much of the autocratic rules by General Ziaur Rahman in the 1970s and by General Mohammad Ershad in the 1980s as of the ostensibly democratic rules under the Bangladesh Nationalist Party in the early 1990s and early 2000s.

could play with equanimity. Being the inheritor of a secular and liberal political creed that was espoused by the founding Father of the Nation, it does not behove the present regime to play the religion card as blatantly as its rivals.

Instead, the present regime has sought to bolster its relative legitimacy by adopting a different creed – namely, the creed of economic growth. It cannot be denied that, other things remaining the same, economic growth is a very desirable thing to have; after all, no country has achieved long-term improvement in the living standards of its people without sustained economic growth. Extraordinarily rapid growth can indeed dazzle the eyes of the beholder, so much so that even when ‘other things do not remain the same’ people can be easily seduced by its charm.

The long-time Prime Minister Sheikh Hasina, the supreme leader of the present regime, has correctly perceived the seductive power of economic growth and has systematically and single-mindedly pursued the strategy of creating an image of herself, and her regime, as the most competent purveyor of growth the country has ever had.²⁰ To a large extent, she has succeeded in that endeavour. Not so long ago, growth rates in the range of 7-8 percent per annum was the stuff of dream in this country – a dream that only some inscrutable peoples of East Asia were presumably able to live. The present regime has turned that dream into reality for Bangladesh as well. In so doing, the regime has unquestionably acquired the additional source of legitimacy that it needed to strengthen its *relative* legitimacy vis-à-vis the competitors. As a result, the regime is able to enjoy a level of popular support that is entirely at odds with its record of suppression of democratic freedoms.

²⁰ Empirical evidence shows that, despite its lowly democratic credentials, the current regime still enjoys a high level of legitimacy in the eyes of the majority of the population, based largely on its economic performance (Taylor *et al.* 2018; TAF and BIGD 2019).

In short, the present regime derives its political legitimacy from two distinct but complementary sources – one is the ability to stave off catastrophic mortality crises, which is common to its political rivals, and the other is the ability to deliver robust economic growth, which is as yet uniquely and distinctively its own and as such may be considered to be the primary source of its legitimacy. It is the interplay of these twin sources of political legitimacy that one needs to look at if one is to make sense of the present regime’s response to the COVID-19 pandemic.

Policy Response in the Quest for Political Legitimacy

As the pandemic broke out, the Government of Bangladesh faced the same painful choices that confronted all other countries. In order to control the transmission of the virus, against which there was no known therapeutic or vaccine, it became essential to ensure strict physical distancing along with other hygienic precautions. As an integral part of the drive for implementing physical distancing, it became necessary to close down large parts of the economy so as to minimize physical interactions among people – the so-called lockdown, which the Government of Bangladesh implemented starting from 23 March 2020.

But the lockdown struck at the very foundations on which the present regime had established its legitimacy. On the one hand, the closing down of the economy led inevitably to the sacrifice of growth. The Government had achieved a milestone in the previous year (2018-19) as the economy posted a growth rate in excess of 8 percent for the first time in its history, and had set its heart on repeating that feat for the year 2019-20 as well. For the first three quarters of the fiscal year 2019-20, the economy was apparently on course to achieving that target. Unfortunately, the lockdown implemented at the beginning of the fourth quarter spoiled the dream; there was no way the cherished target of 8.2 percent growth could now be achieved over the fiscal year as a whole if the economy were forced to hibernate for any length of time.

On the other hand, the lockdown threatened a gigantic subsistence crisis by destroying livelihoods for millions of people as a consequence of closing the economy down. In a country where nearly a fifth of the population lived below the poverty line and at least another fifth subsisted precariously just above the line, any prolonged loss of livelihoods was bound to create widespread hunger, leading possibly to an enormous subsistence crisis of the proportions the country hadn't seen since the famine of 1974.

Thus, both the foundations of legitimacy that the regime had so assiduously built over the years were in danger of collapsing as a consequence of the lockdown. Something had to be done to at least minimize the damage, if not to eliminate it altogether. The government had a couple of options open to it – one of them was consistent with the imperative of maintaining the lockdown as long as necessary on health grounds, and the other involved compromising the health of the nation by easing the lockdown prematurely.

The first option called for a gigantic program of entitlement support for nearly half of the population of the country so as to avert a massive subsistence crisis that could ensue from a prolonged lockdown, complemented by measures to improve the public health system (involving testing, tracing and treatment of COVID) so as to create the conditions necessary for safe re-opening of the economy as soon as possible.²¹ The experience of other countries, which had started the lockdown process sooner than Bangladesh, suggested that strict lockdown had to be maintained for at least three months before transmission of the virus could be brought down to a level where safe re-opening of the economy became possible. Even then, the lockdown could not be removed all at once; safe re-opening had to proceed only gradually over a period of time, depending on how quickly an effective public health system of testing, tracing and treatment could be put in place. Given the poor capability of the public health

²¹ For a rigorous analysis of the logic of this strategy and its relevance for a country such as Bangladesh, see Osmani (2021).

system in Bangladesh, it was reasonable to assume that some restrictions on economic activities had to be continued at least for the remaining nine months of 2020.

Whatever the precise length of time over which some form of lockdown had to be maintained, it was clear that the vulnerable segments of the population would not be able to sustain themselves without external support. An early survey of the economic consequence of the lockdown had found that the vast majority of households in the bottom half of the population would not have been able to sustain minimum necessary consumption beyond a month or so by drawing down their savings or by resorting to borrowing (PPRC-BIGD 2020a). If a catastrophic subsistence crisis had to be averted, a massive protection program covering almost half of the population had to be launched and sustained for at least the remainder of the year 2020 (albeit on a declining scale after the initial period of strict lockdown).

The second option was not to allow the lockdown to continue for as long as necessary on purely health grounds – in other words, to re-open the economy prematurely. This option was obviously tempting for the government, so long as the health risks were tolerable. On the one hand, early re-opening of the economy would minimize the damage to growth. On the other hand, by restoring the livelihoods of the vulnerable people to some extent, this option could help avert a catastrophic subsistence crisis without the government having to maintain a fiscally expensive and administratively challenging entitlement support program over a long period of time.

In the event, the government chose the second option. Barely one month after the lockdown was first imposed on March 23, the first round of re-opening was initiated in late April starting with the export-oriented garments sector. A couple of weeks later, in mid-May, urban shopping centres were allowed to re-open, ostensibly to permit the traditional shopping spree prior to the forthcoming religious festival of Eid-ul-Fitr. During the same period, monitoring and policing of lockdown was also visibly relaxed by the government, which

allowed many informal sector workers to resume their economic activities, initially stealthily and gradually more openly. The lockdown was thus virtually over from the second week of May. Thus, in practice, the lockdown lasted barely a month and a half. At the end of May, the government made it official by opening up almost everything but educational institutions.

It is evident that the government was in a great hurry to reopen the economy as soon as possible. The timing of reopening was completely out of sync with the logic of pandemic control. Most countries which succeeded in bringing the pandemic under control (in the first wave), eased the economic lockdown only after the rate of transmission had not just begun to fall but had fallen substantially. In common parlance, they waited not just till the ‘curve was flattened’ but till the ‘curve was crushed’. But the Government of Bangladesh did not even wait for flattening of the curve, let alone crushing it. As can be seen from Figure 3, the positivity rate (percentage of sample tested who were found to be infected) was still climbing sharply in May when the decision was taken to reopen the economy. The peak was reached a couple of months later, in mid-July, and it was only by September that the rate had come down to the levels prevailing in April.

[Figure 3]

Why did the Government of Bangladesh choose the option of such an overly premature reopening? In a perceptive analysis of the government’s COVID response from a political economy perspective, Ali *et al.* (2021) have suggested that this option was chosen mainly because the first option discussed above failed. Their argument is that once the option of offering large-scale protection failed, the government had no choice but to reopen the economy hurriedly, so that a serious subsistence crisis could be averted by restoring the opportunity of earning livelihoods. The underlying premise of the argument is that the emergence of a catastrophic subsistence crisis would have undermined the government’s political legitimacy.

One way or the other, the subsistence crisis had to be avoided, and since the first option failed, the government had to rely on the second.

While we agree that maintaining political legitimacy was of paramount concern, we do not believe that the second option was forced upon the government by the failure of the first. Indeed, we do not think that the first option was even given a chance to fail; instead, it was abandoned, as a matter of deliberate choice, in favor of the second.

A few comments are in order here to explain why we argue that the first option didn't fail, and that instead it was abandoned. It is true that some components of the protection-oriented programs had run into implementation difficulties. In particular, preparation of lists of beneficiaries for targeted food and cash distribution programs had turned out to be problematic, mainly because of political meddling. But this was but a lame excuse for not pursuing the programs more vigorously. If the government really wanted to stick with the first option, while maintaining a lockdown for as long as necessary, they would have found a way of getting around the listing problem. Instructions had already gone out to the village level (in rural areas) and ward level (in urban areas) to prepare the list of beneficiaries under the supervision of the institutions of local government. If persisted, this approach would have yielded a workable list. No doubt, the list would have been imperfect, riddled with the problems of both inclusion and exclusion errors. But in a situation of unprecedented national emergency, perfection could hardly have been anyone's primary concern. Indeed, the real problem lay not so much in the list of beneficiaries but in the paucity of support provided. This is amply demonstrated by the findings from a number of community surveys discussed in Ali *et al.* (2021).

One could perhaps argue that the paucity of support was understandable in view of the government's limited fiscal capacity. If valid, this argument would imply that the first option

– namely, a massive program of entitlement support for a prolonged period – was bound to fail, on fiscal grounds alone. But this argument can be questioned for a number of reasons.

First, compared to many other countries, the Government of Bangladesh, did not actually commit much by way of fiscal support to the cause of fighting the pandemic. As noted earlier, although the package of economic support was touted as amounting to more than 4 percent of GDP, the cost of fiscal support contained in the package was less than 0.5 percent of GDP, as most of the big programs were financed by creation of new money in one way or another. Given such a tiny burden on the government’s budget, there was clearly a scope for financing even as ambitious a program as, for example, the one suggested in Osmani (2000), which would have required the government to make a fiscal commitment of as much as 3.8 percent of GDP.²²

Secondly, even if the fiscal burden turned out to heavy, requiring deficit financing beyond normal levels, this would have been nothing abnormal in the pandemic environment, as countries all over the world were resorting to deficit financing in unprecedented scales. Indeed, the Government of Bangladesh did not hesitate to ask the Bangladesh Bank to create new money to refinance several of the programs designed to reinvigorate mostly large-scale enterprises. One might ask: why couldn't it use the same tool of money creation to support instead a deficit budget designed to protect the entitlements of the poor?

Finally, the present government has shown in the past that it can find the fiscal resources – sometimes of enormous amount – for projects it is especially committed to. The multi-billion-dollar Padma Bridge project, financed almost wholly by internal resources, is a prime example of such commitment.²³ It is entirely plausible to argue that the government would have found

²² A policy note prepared by the Bangladesh Bank has also argued that the Government of Bangladesh had enough fiscal space to adopt a much more ambitious support package than it did (Bangladesh Bank 2020).

²³ The Padma Bridge – a huge project designed to provide a land link between the much-neglected south-west region to the rest of the country – was originally to be funded by the World Bank. Amidst allegations of corruption by government functionaries involved with the project, World Bank withheld the funds until the allegations were

the resources for an ambitious protection program if it was committed to it in the same way that it was committed to projects such as the Padma Bridge.

Thus, neither the administrative difficulties in delivering direct support to the poor nor the fiscal cost seems to be an adequate basis for the argument that the entitlement support programs failed. In truth, these programs were not given the chance to succeed. They were simply abandoned, as the government chose to follow the second option instead.²⁴

The logic behind this choice was simple. Strict implementation of the first option would have succeeded in maintaining only the first of the twin planks of the present regime's perceived legitimacy – namely, the ability to avoid catastrophic subsistence crises. But since this option had to be premised on the acceptance of a prolonged lockdown, adopting it would have meant a possible undermining of the other, and the primary, plank of legitimacy – namely, the ability to deliver robust growth. The pandemic had already caused enough grief by pushing the growth rate for 2019-20 below the cherished 8 percent threshold. The government was not prepared to accept another year of failure to achieve 8-plus growth. In contrast, the second option had the potential to preserve both planks of legitimacy simultaneously – by reviving growth on the one hand and by avoiding subsistence crisis through restoration of livelihoods on the one other, *provided* the health outcome did not deteriorate beyond a tolerable level.²⁵

To the surprise of almost every one, the government announced a budget in June 2020 actually predicting a growth rate 8.2 percent for the fiscal year 2020-21. International agencies

resolved. This led to a dispute between the World Bank and the Government of Bangladesh, with the latter turning it into prestige issue and vowing to construct the bridge without any external funds, thus making it by far the largest ever wholly internally funded project in the history of the country.

²⁴ It is sometimes suggested that the government reopened the economy early by default because it was unable to enforce a strict lockdown, but evidence does not support this contention (Ali *et al* 2021). By all accounts, the enforcement of lockdown was extremely successful in the first month. It was only when the government decided not to proceed with an ambitious protection program that poor people began to defy the lockdown in search of livelihoods. At the same time, the government also began to relax the monitoring and enforcement effort because it was already preparing to reopen the economy. In other words, the premature ending of the lockdown was not a matter of enforcement failure; it was the outcome of the conscious choice to go for growth-orientation by abandoning protection-orientation.

²⁵ The significance of this proviso is discussed more fully below.

and domestic experts alike were taken aback as they were predicting drastically lower growth – for example, the World Bank was predicting 1.2-2.9 percent growth for 2020-21 under normal scenario and even negative growth under the worst possible scenario (World Bank, 2020:36). Such a huge discrepancy arose mainly from the fact that those outside the government were basing their prediction on the assumption of ‘normal’ duration of a lockdown i.e., a lockdown that would last until the rate of transmission came down drastically. What the experts failed to realise was that the Government of Bangladesh was not going to allow a ‘normal’ lockdown, because it was concerned that by reducing growth drastically a ‘normal’ lockdown would compromise the primary source of its political legitimacy.

There was a potential danger, however, with this strategy. Since the rate of virus transmission was alarmingly high and was still rising at the time the economy was reopened, it was conceivable that the fatality rate from COVID infection would have become unbearably high. Prominent epidemiologists and health experts, including the experts appointed as members of the government’s own technical and advisory committees, warned incessantly against the dangers of premature ending of the lockdown, often venting their frustration in public.²⁶ But the government pushed ahead with its plan for premature reopening with complete disregard for expert advice. If people were to die in thousands, as the experts feared and as was the case in countries such as Brazil which were also keen to keep the economy going despite mounting infections, the Government of Bangladesh would have found itself in an untenable position. A regime that perceived the avoidance of a mortality crisis from hunger as one of its sources of political legitimacy could not possibly countenance a mortality crisis from disease.

²⁶ One member of the Expert Committee openly remarked: “What can we do if the government doesn't pay heed to our advice? I believe the government’s decision will cause dire consequences regarding the spreading of Covid-19 and it will take more time to flatten the curve.” See “Reopening is risky: Govt health expert panel” in *The Daily Star*, 29 May 2020.

A widespread mortality crisis – of any form – would have undermined the one source of political legitimacy that all regimes in Bangladesh have sought to preserve.

That the government nevertheless chose the option of premature reopening is down to a fact that remains a source of abiding mystery. Bangladesh, for some reason, had been experiencing an exceptionally low rate of fatality despite an exceptionally high positivity rate – as can be seen from Figures 4 and 5.

[Figure 4]

[Figure 5]

Why this was so is not at all clear. The typical arguments that Bangladesh had low fatality rate because its population was relatively young or that long history of exposure to various diseases had created a stronger immunity do not apply here because the comparison is being made among countries that are similar in these respects. Nor is there any reason to suppose that Bangladesh could boast of a vastly superior system of caring for the COVID patients compared to the rest. All this raises serious questions about the reliability of the fatality figures. Nonetheless, these are the official figures, and according to them Bangladesh has been very fortunate to avoid a calamitous mortality crisis that one would have expected to follow from its exceptionally high positivity rates.

In the final analysis, it is this comforting thought about not being overwhelmed by a mortality crisis of intolerable proportions that tilted the government's decision in favor of the second option – that of premature reopening coupled with growth-orientation of its support package. It is instructive to note that a day before the government was about to make its first move towards relaxing the lockdown by allowing the export-oriented garment industries to reopen, the Health Minister announced for the first time, with some satisfaction and not a little self-congratulation, that Bangladesh was doing better than other countries in handling the

pandemic. In support of his claim, he cited low fatality rate as evidence of success, conveniently omitting to point out the paradox of low fatality rate co-existing with high positivity rate.²⁷ Obviously, he was preparing the ground for the reopening of the economy that was about to come.

A few weeks later, the Prime Minister reinforced the point by declaring in the Parliament “We will not accept defeat. Death is inevitable and it can occur anytime. But it cannot happen that we will have to accept defeat to the invisible force out of fear’.²⁸ On the face of it, this may sound like the reckless bravado of the likes of Donald Trump of the United States or Jair Bolsonaro of Brazil who too indulged in the rhetoric of not fearing death as a justification for keeping the economy open in the face of rising infections. But there is a crucial difference. Neither Trump nor Bolsonaro had any factual basis for expecting that the death rate could be kept low once the economy reopened in the midst of surging infections, but the Prime Minister of Bangladesh did – at least going by her official statistics. Her government could thus afford to go ahead with the decision to reopen the economy prematurely, emboldened by the belief that the legitimacy of the regime was unlikely to be eroded by a disastrous mortality crisis stemming from the pandemic.

The adoption of the growth option in conjunction with premature reopening was thus entirely consistent with the government’s imperative to adopt a strategy that would preserve its political legitimacy. As explained earlier, this option was in principle capable of preserving simultaneously the twin planks of the present regime’s political legitimacy – namely, the ability to stave off catastrophic subsistence crises and the ability to deliver robust economic growth. The only potential danger that could have derailed this strategy was if premature reopening led to a mortality crisis of unacceptable proportions, in which case the first plank of its legitimacy

²⁷ “Things better than in US, Europe” *The Daily Star*, April 23, 2020.

²⁸ “We will not accept defeat fearing death: Says PM”. *The Daily Star*, June 16, 2020.

would have been eroded even if a subsistence crisis was somehow averted. Once the mysteriously low death rates from COVID infection came to the rescue, even that fear evaporated, paving the way for enthusiastic adoption of the strategy of premature reopening of the economy.

The nature of the economic package that the government adopted to deal with the COVID fallout simply reflects the logic of this strategy. Since reopening the economy had to start early – in fact, much too early – the major focus of the economic package had to be on the growth-oriented measures. And since the sources of livelihoods of the poor were expected to return along with reopening of the economy, there was less need for focussing on protection-oriented measures. This is what explains why the orientation of the policy package was biased so heavily towards revival of growth to the relative neglect of protection of entitlements.

Concluding Remarks

On the face of it, it might appear that the strategy adopted by the Government of Bangladesh has worked, at least in its own terms. The twin foundations of the regime's political legitimacy have both been secured – growth collapse has been minimized and a catastrophic mortality crisis has been averted. Apparently, Bangladesh has successfully avoided the painful trade-offs that policymakers everywhere have been confronted with – between economic collapse, loss of lives from hunger and loss of lives from infection.

This would be a seriously incomplete and misleading conclusion, however. The choice made by the Government of Bangladesh has certainly entailed a painful trade-off, but of a kind that has remained under the surface. What has been avoided is the trade-off between economic collapse and excessive loss of lives – i.e., economic collapse has been minimized without the loss of too many lives from either hunger or disease. This has been a lucky escape, however, for which the government can hardly claim any credit. It is mainly the remarkable resilience of

the poor of Bangladesh, honed through life-long of experience of struggling to cope with crises, that has staved off large-scale death from hunger, and it is only a mysteriously low COVID fatality rate that has kept down death from disease.

More to the point, loss of lives is not the only thing that matters; the quality of life experienced by the living should also be a matter of paramount concern, and this is where the trade-off has occurred. We have seen evidence of how the strategy adopted by the government has failed to mitigate COVID-induced hunger even long after the economy was allowed to reopen. The reason is simply that while direct protection of entitlements was thoroughly inadequate by choice, the sought-for revival of livelihoods through growth was not adequate either. Although the government repeatedly claimed that it was keen to revive growth for the sake of reviving livelihoods, the pathway of growth revival it pursued – through reliance on mainly large-scale enterprises – was not conducive to adequate revival of livelihoods. If livelihood was really the concern, the focus of growth revival should have fallen on smaller enterprises, which are the main source of employment for the poor in Bangladesh, but reality was just the opposite – the smaller enterprises suffered from serious neglect. The talk of livelihoods was merely a populist prop to pursue the real agenda of growth maximisation at all costs.

The combined effect of abandoning the option of protection orientation too soon and pursuing the growth option in a manner that failed to generate enough employment was disastrous for the poor. Even six months into the reopening of the economy, the poor households were still cutting down both food consumption and non-food expenditure. At the same time, COVID infection spread at an alarming rate because of premature reopening of the economy in search of growth. While most of the infections were asymptomatic, those who had the symptoms suffered, often seriously, because of poor medical care, and many of them are in danger of suffering from long-term adverse consequences (the so-called ‘long COVID’).

Thus, although not too many people have died from hunger or disease, the sufferings of a large swathe of the population has intensified in terms of hunger and morbidity. This is the consequence of the decision to abandon the option of providing sustained protection of entitlements accompanied by a prolonged lockdown and to adopt instead the option of growth revival through premature reopening of the economy. So, here's the trade-off – the government's chosen strategy may have helped minimise the loss of growth but it has done so by inflicting sufferings on a large segment of the population in the form of persistent hunger and excess morbidity. These sufferings could have been avoided to a large extent; the fact that they were not was primarily because the strategy needed for this purpose did not fit with the government's perception of what would best serve its quest for political legitimacy.

Acknowledgement

The authors would like to thank Imran Matin, Mirza Hassan and Naomi Hossain for their inspiration and support in the process of conceptualizing and writing this paper. They are also grateful to Mohiuddin Alamgir and Rizwanul Islam for helpful comments and suggestions on earlier drafts. Comments received from the participants of a webinar organized by the Brac Institute of Governance and Development (BIGD), Dhaka, are also gratefully acknowledged. The usual disclaimer, however, applies.

REFERENCES

- Ali, T. O., M. Hassan, and N. Hossain. 2021. “The Moral and Political Economy of the Pandemic in Bangladesh: Weak States and Strong Societies during Covid-19.” *World Development* 137. <https://doi.org/10.1016/J.WORLDDEV.2020.105216>.
- Bangladesh Bank. 2020. *COVID-19 Crisis and Fiscal Space for Bangladesh Economy: A Comparative Analysis with South Asian Countries*. Policy Note: PN 2002, Chief Economist's Unit. Dhaka: Bangladesh Bank.
- Bangladesh Bank. 2021. *Policy Measures of Bangladesh Bank in Response to the COVID-19 Pandemic*. Chief Economists' Unit. Dhaka: Bangladesh Bank.
- BBS. 2015. *Economic Census 2013*. Report 1 (Abridged Form). Dhaka: Bangladesh Bureau of Statistics.
- CPD-OXFAM. 2020. “Employment Implications of Stimulus Packages: Challenges for Recovery.” (PowerPoint Presentation) Dhaka: Centre for Policy Dialogue and OXFAM.
- CPD. 2021. “Corporate Accountability of the RMG Sector in view of COVID Pandemic: Challenges in Ensuring Workers' Well being.” (PowerPoint Presentation) Dhaka: Centre for Policy Dialogue.
- Hassan, M., and S. Raihan. 2017. “Navigating the Deals World: The Politics of Economic Growth in Bangladesh.” In Lant Pritchett, Kunal Sen, & Eric Werker (eds.), *Deals and Development: The Political Dynamics of Growth Episodes* (pp. 96–128). Oxford: Oxford University Press.
- Hossain, N. 2017. *The Aid Lab: Understanding Bangladesh's Unexpected Success*. Oxford: Oxford University Press.

- Hossain, N. 2018. “The 1970 Bhola Cyclone, Nationalist Politics, and the Subsistence Crisis Contract in Bangladesh.” *Disasters* 42(1): 187–203.
- Kader, A. W., and M. Pattanayak. 2020. *Business Pulse Survey: Impact of COVID-19 on MSMEs in Bangladesh*. Washington DC: International Finance Corporation.
- MOF. 2020. *Socio-Economic Development in Bangladesh & Stimulus Packages to Combat COVID-19*. Dhaka: Ministry of Finance, Government of Bangladesh.
- Osmani, S. R. 2020. “Coping with COVID-19: The Case of Bangladesh”. (Mimeo.) Dhaka: Brac Institute of Governance and Development (BIGD) and London: The International Growth Centre (IGC).
- Osmani, S. R. 2021. “Coping with Covid-19 from the Capability Perspective: A View from a Developing Country”, *Journal of Human Development and Capabilities*, 22(1): 1-26.
- Osmani, S. R., and M.S. H. Siddiquee 2021. “Economic Support in Response to COVID-19 and the Quest for Political Legitimacy.” In BIGD, *State of Governance in Bangladesh 2020-21. Governing COVID-19 in Bangladesh: Realities and Reflections to Build Forward Better*. (pp:132-64) Dhaka: Brac Institute of Governance and Development.
- PPRC-BIGD. 2000a. *Livelihoods, Coping and Support During Covid-19 Crisis*. Dhaka: Power and Participation Research Centre (PPRC) and Brac Institute of Governance and Development (BIGD).
- PPRC-BIGD. 2000b. *Livelihoods, Coping and Recovery During COVID-19 Crisis*. Dhaka: Power and Participation Research Centre (PPRC) and Brac Institute of Governance and Development (BIGD).
- Rahman, A. 2021. “Bangladesh SMEs during the Pandemic: Coping with the Challenges and Mapping the Opportunities.” In *The Future of SMEs after the Corona Crisis: Challenges and Opportunities*. Dhaka: SME Foundation and Friedrich-Ebert-Stiftung (FES) Bangladesh.
- Riaz, A. 2014. “Crisis of Democracy in Bangladesh”, *Current History* 113(762): 150-56.

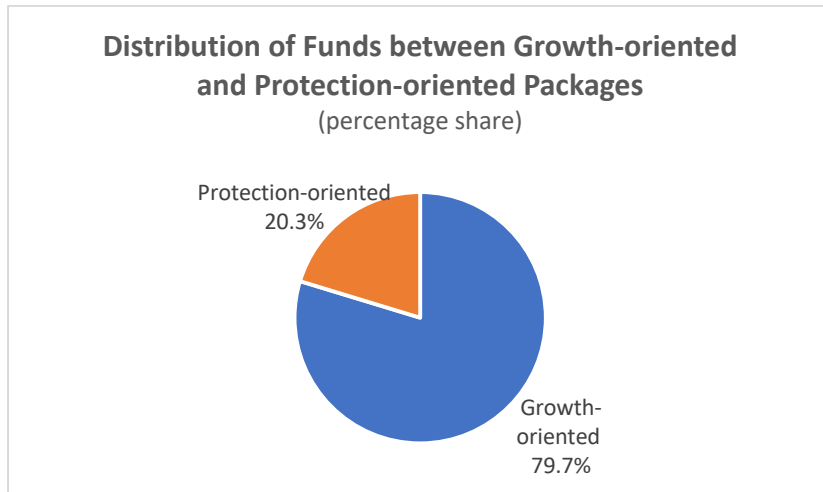
- Riaz, A. 2019. *Voting in a Hybrid Regime: Explaining the 2018 Bangladeshi Election*. New York: Springer.
- SANEM. 2021. “Impact of COVID-19 on Labour Market and Migration Results from SANEM’s Primary Survey.” (PowerPoint Presentation) Dhaka: South Asian Network on Economic Modeling.
- TAF and BIGD. 2019. “The State of Bangladesh’s Political Governance, Development, and Society: According to Its Citizens.” (Mimeo.) Dhaka: The Asia Foundation and BRAC Institute of Governance and Development.
- Taylor, S. L., P. Tweedie and S. Shawkut. 2018. *Bangladesh’s Democracy: According to Its People; A Survey of the Bangladeshi People 2018*. Dhaka: The Asia Foundation.
- World Bank. 2020. *South Asia Economic Focus: Spring 2020*. World Bank: Washington, D.C.
- Zakaria, F. 2000). *The Future of Freedom*. New York: W. W. Norton.

Table 1
Large-scale Bias of the Growth-Oriented Package

	Allocation (billion BDT)	Share of total allocation (%)	Percentage of GDP (%)	Utilization (billion BDT)	Rate of utilization (%)	Share of total utilized fund (%)
Large enterprises	597.5	67.7	2.14	297.7	49.8	77.6
Small enterprises	235.0	26.7	0.84	63.5	27.0	16.5
Agriculture	50.0	5.6	0.18	22.7	45.4	5.9
Total	882.5	100.0	3.16	383.9	43.5	100.0

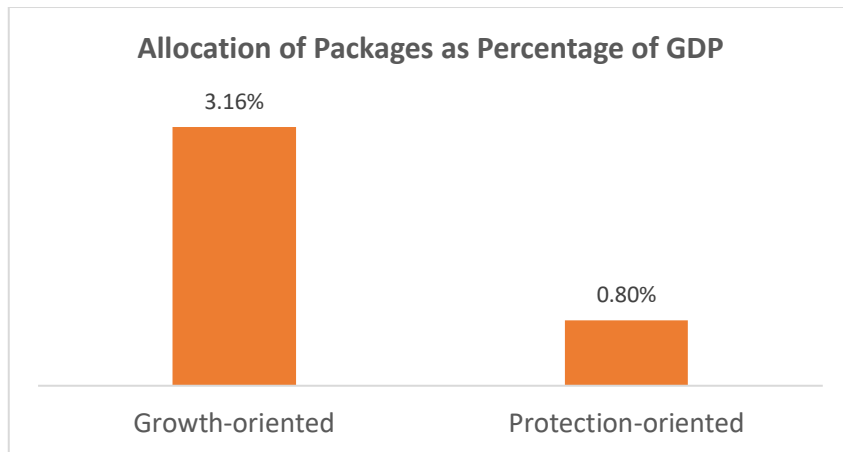
Source: Based on data given in MOF (2020) and Bangladesh Bank (2021).

Figure 1



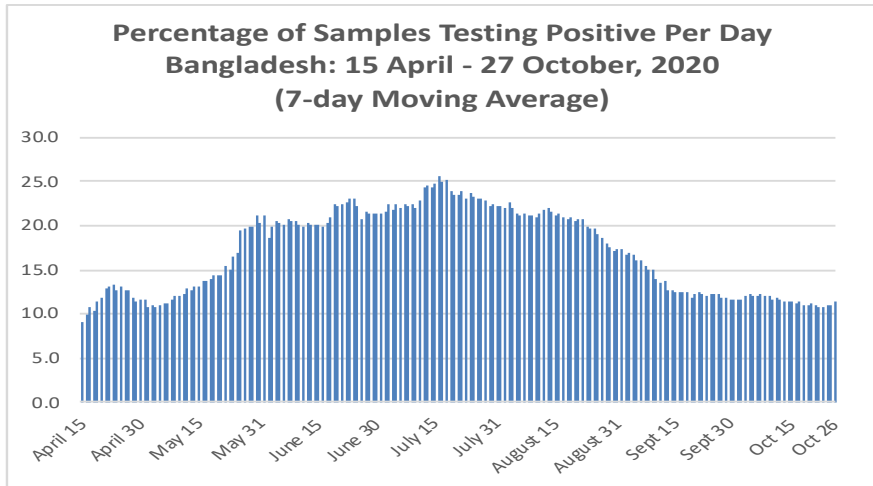
Source: Based on data given in MOF (2020) and Bangladesh Bank (2021).

Figure 2



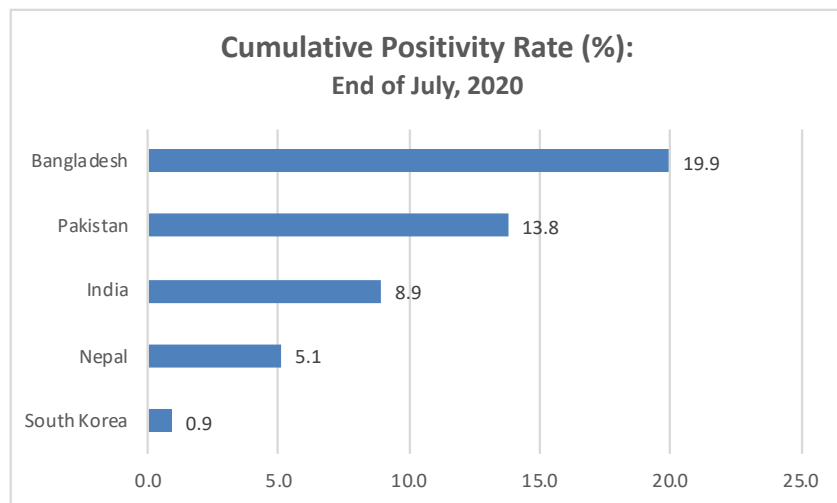
Source: Based on data given in MOF (2020) and Bangladesh Bank (2021).

Figure 3



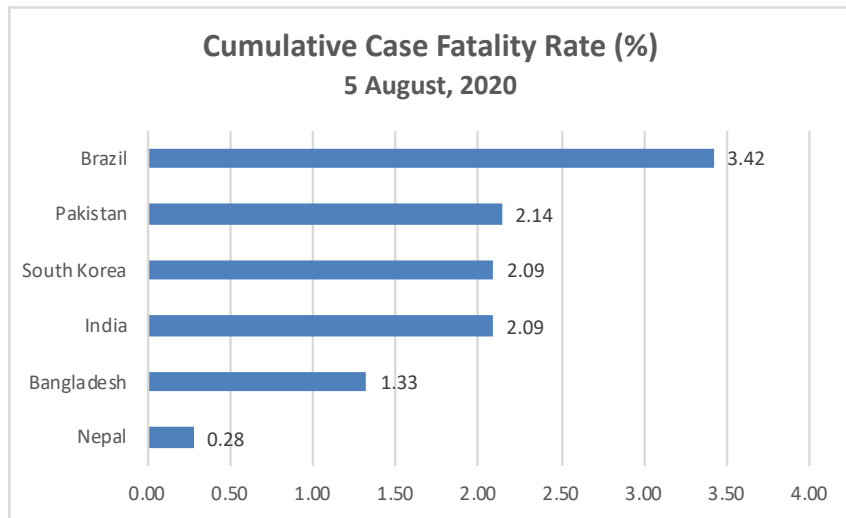
Source: Prepared from the COVID-19 dataset in the Our World in Data website <https://ourworldindata.org/coronavirus>.

Figure 4



Source: Prepared from the COVID-19 dataset in the Our World in Data website <https://ourworldindata.org/coronavirus>.

Figure 5



Source: Prepared from the COVID-19 dataset in the Our World in Data website <https://ourworldindata.org/coronavirus>.

Figure Captions

Figure 1: Distribution of Funds between Growth-oriented and Protection-oriented Packages

Figure 2: Allocation of Packages as Percentages of GDP

Figure 3: Percentage of Samples Tested Positive per Day: Bangladesh 15 April to 27 October, 2020.

Figure 4: Cumulative Positivity Rate (%): End of July 2020

Figure 5: Cumulative Case Fatality Rate (%): 5 August 2020