IGC SOUTH ASIA GROWTH CONFERENCE
Jointly organised by Economic Research Group, Dhaka
July 15-16, 2012; Grand Ball Room, Hotel Pan Pacific Sonargaon Dhaka

Summary of Day 1: Sunday 15 July

Session 1 – Major issues in South Asian economic growth
After a warm welcome from Wahiduddan Mahmud *(Economic Research Group, Dhaka and IGC)*, the South Asia Growth Conference (SAGC) opened with Robin Burgess *(LSE and IGC)* outlining the five main issues the IGC is working on in the South Asia region, namely: productivity and agriculture, taxation, governmental accountability, land use and acquisition, and regional integration. Tony Venables *(Oxford University and IGC)* commented on the IGC's ability to bring top researchers to bear on pertinent policy questions, and suggested that the IGC's micro-level work will be important to build and share knowledge across regions in South Asia to facilitate growth. Mark Rosenzweig *(Yale)* stressed that while achievements in education and health have been beneficial, they have not been sufficient to bring about the necessary structural changes which result in development. Ijaz Nabi *(LUMS and IGC)* discussed some recent IGC projects in Pakistan, including partnerships with the Planning Commission on growth, public resources, tax reforms and the automobile and textile sectors. Dilip Mookherjee *(Boston University and IGC)* remarked that he hoped there would be increased research into shared issues facing the South Asia region, such as migration remittances and shared resources such as water. Mashiur Rahman *(Economic Advisor to the Prime Minister of Bangladesh)* spoke about the need to balance land for human settlement and agriculture, with the need for Bangladesh to industrialise in order to sustain its current growth trajectory. Honourable A M A Muhith *(Minister of Finance, Bangladesh)* said that a shortage of land is an important issue facing Bangladesh and one which is also deterring foreign direct investment.

Session 2 – Economic costs of arsenic contamination
Chaired by Siddiq Osmani *(ERG and Ulster University)*, Session 2 opened with Mark Rosenzweig *(Yale)* discussing the economic costs arsenic contamination and remarking that it was the greatest poisoning of any population in the world, as the water was used for agriculture, as well as drinking water. Although the health effects of arsenic have been well documented, the hidden costs to productivity of affected households has been less so. Stressing that cost-effectiveness was important to consider, his research found an average lifetime benefit to eliminating all arsenic from consumed water at US$1000-1400 per person. Alexander van Geen *(Columbia University)* presented the stunning statistic that even after becoming aware of arsenic contamination, 65% of Bangladeshi households will still consume that water for drinking and cooking even if low arsenic water is available within walking distance. Policy recommendations from his research included promoting and regulating commercial tubewell testing for arsenic as well as launching a national campaign to update households on the risks of arsenic exposure.

Session 3 – Agriculture, manufacturing and land issues
Chaired by Robin Burgess *(LSE and IGC)*, Session 3 was opened by Andrew Foster *(Brown University)* who highlighted the magnitude of difference between small farms in South Asia and the rest of the world. The average size of a small farm in India is only one acre, which has implications for the productivity of that land, particularly in terms of labour efficiency. His most important policy conclusion was that land transactions are extremely rare, meaning that land markets in India are not working in a way that would increase productivity, as it's unlikely that the current land allocation structure is optimal. Dilip Mookherjee *(Boston University and IGC)* argued that compensation for land purchasing in West Bengal should exceed the market

valuation so as to incorporate personal values for that land. This is due to the relationship to the incentives to develop that land. A key statistic was that of those households whose land had been acquired for alternative development such as factory construction became worse off, with incomes 33% lower than the incomes of those whose plots had not been acquired. Rocco Machiavello *(Warwick University)* presented research which studied the effects of training given to manual workers in the Bangladeshi ready-made garment sector. Although there are three million people employed by this sector, and more than 80% are female, the number of those females who are supervisors is below 10% of the total. Subsequent to receiving training, the retention rate for female workers did not improve.

Session 4 – Human development

Rohini Pande *(Harvard)* chaired Session 4 and introduced Costas Meghir *(Yale)* who explained his research on early childhood development in Colombia. Based on the Jamaica Experiment, Meghir's research focused on the cost-effectiveness and scalability of early childhood interventions, in this case, the provision of stimulation such as home-made toys and the delivery of micro-nutrients. The research found no relationship between development and micro-nutrient delivery, but significant impacts for stimulation. Rachel Heath *(Washington University and World Bank)* and Mushfiq Mobarak *(Yale and IGC)* presented the results of two papers in the area of investment in terms of education in the ready-made garment sector in Bangladesh. Although it has been traditionally believed that Bangladesh has been able to meet the Millennium Development Goal on education due to a stipend provided by the World Bank to students for attending school, the researchers proposed that it was in fact the demand created by the garment sector for numerate and literate workers which has improved the enrolment rate for girls. Accordingly, the government should not merely seek to supply education but also supply jobs that create a demand for education. Pascaline Dupas *(Stanford)* presented research investigating the willingness-to-pay for health interventions such as bed-nets and de-worming products. The findings were that there was no correlation between willingness-to-pay and subsequent product use; for example, while 99% of women would take a free bed-net, only approximately 40% would pay for the (subsidised) bed-net. Subsequent usage rates for both groups were approximately 68%. Essentially the lower the fee for the product, the higher the adoption and coverage.