International Journal of Social Science And Human Research

ISSN(print): 2644-0679, ISSN(online): 2644-0695

Volume 05 Issue 09 September 2022

DOI: 10.47191/ijsshr/v5-i9-10, Impact factor- 5.871

Page No: 4041-4050

Success Factors of East Asian Economic Development: Learnings for a Developing Country like Bangladesh

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ABSTRACT: This article has tried to explore the success factors of East Asian economic development by highlighting seven "stylized realities," which include the contributions of structural change and technological change to industrialization and growth, as well as the functions of governments, productivity, investment, and exports. This piece of writing also highlights what other emerging nations such as Bangladesh can learn from the history of East Asian economic development. This is a theoretical study that relied on secondary data. Reference journals, books, local and foreign articles, working papers, websites of relevant organizations, and local and international newspapers were used to compile the data. This essay contends that Bangladesh can learn valuable lessons from East Asia's development experience. However, "development" cannot be directly copied from elsewhere because it is the result of specific socially structured conditions and the process of changing those conditions. Different economies and institutions may learn different lessons from East Asia, depending on the problems they face, their desire and ability to address problems, as well as the circumstances under which they do so.

KEYWORDS: East Asia, Economic Development, Bangladesh, GDP, GDP per Capita, Productivity.

1. INTRODUCTION

Since the end of the twentieth century, East Asia's economy is one of the most prosperous "regional economies" in the world. Unlike any other developing region in the globe, East Asia's economic development has adopted a distinctive pattern. Their average economic growth rates from the late 1950s to the late 20th century surpassed that of Europe and America (Harvey, et al, 2002 cited in Agba, et. al, 2020). Their success has been tagged the 'Asian Miracle' because of the level of advancement they have achieved in such little a period. This shift from technologically outdated and economically underdeveloped to affluent and powerful economies over the course of only forty years has been something of a miraculous. The developing world was divided into those that made significant achievements toward catching up and those who were troubled in slow growth. The first group includes most of the East Asian economies including Hong Kong, Taiwan, Singapore, South Korea, and so on. The South Asian economies including Bangladesh belong to the second group. Bangladesh has struggled to improve its economic situation since its independence. Even after 50 years of independence, Bangladesh is still a long way from achieving its economic development targets. Despite gaining independence almost at same time, Bangladesh lags far behind Malaysia, Singapore, and majority of the Southeast Asian economies in regard to economic development. Initially it might be considered that some natural and external causes such as flood, droughts, insufficient resources, lower amount of exports, or historic exploitations are the root causes behind the underdevelopment of Bangladesh, but it is true that underdevelopment in Bangladesh is a partly outcome of the long period of lower urbanization, weaker institutions, patchy and insufficient physical infrastructures, lack of entrepreneurship, low FDI, low industrialization and poor performance in some other macroeconomic indicators. In contrary, the East Asian economies have experienced rapid growth, profound social, technological, and economic improvement, and some are catching up with (or surpassing, as in the cases of Japan, China, and South Korea) the most developed economies in last 50 years. The enormous success of East Asian economies poses the question of what led to that achievement, what can be gained from it, and whether other developing nations like Bangladesh may benefit from what East Asia has experienced. These will be the focus of this piece of writing.

2. AN OVERVIEW OF RECENT ECONOMIC DEVELOPMENT IN BANGLADESH:

The economy of Bangladesh is labeled as a developing market economy. According to the data provided by World Bank in 2022, Bangladesh is the world's 41st largest economy at current prices, and the 30th largest in terms of purchasing power parity. Bangladesh has the second largest financial sector in the Indian subcontinent. In the first quarter of 2019, Bangladesh had the world's seventh fastest growing economy, with an annual growth rate of 8.15% of real GDP or GDP at constant prices. Bangladesh has emerged as one of the world's fastest growing economies over the last decade, owing to a demographic dividend, strong readymade garment (RMG) exports, remittances, and steady macroeconomic conditions. It has a promising growth and development story, with the goal of reaching upper middle-income status by 2031. Bangladesh was one of the poorest countries in 1971 which recently have progressed to a lower-middle income country in 2015. It is on track to be removed from the United Nations' list of Least Developed Countries (LDC) by 2026. Poverty fell from 43.5 percent in 1991 to 14.3 percent in 2016 based on the international poverty line of $1.90 per day (using 2011 PPP). Many economic indicators, such as GDP, current account balance, foreign exchange reserves, and so on, reflect Bangladesh's ongoing economic progress. Table 1 depicts a brief overview of Bangladesh's economy from fiscal year 2017-18 to 2024-25.

Table 1: Medium Term Macroeconomic Framework: Key Indicators

Indicators	2017-18	2018-19	2019-20	2020-21	2021-22 Budget	2021-22 Revised Budget	2022-23	2023-24	2024-25
	Actual						Projection		
Real Sector									
Real GDP growth (%)	7.32	7.88	3.45	6.94	7.20	7.25	7.50	7.80	8.0
CPI Inflation (%)	5.78	5.48	5.65	5.56	5.30	5.80	5.60	5.50	5.50
Investment (% GDP)	31.8	32.2	31.3	31.0	31.7	31.68	31.5	32.8	33.6
Private	24.94	25.25	24.02	23.70	23.31	24.06	24.88	25.91	26.65
Public	6.9	7.0	7.3	7.3	8.4	7.62	6.6	6.9	7.0
Fiscal Sector (% of GDP)									
Total Revenue	8.2	8.5	8.4	9.3	11.3	9.8	9.8	10.4	10.6
Public Expenditure	12.2	13.3	13.0	13.3	17.5	14.9	15.6	15.5	15.6
Overall Balance	-4.0	-4.8	-4.6	-4.0	-6.2	-5.1	-5.5	-5.1	-5.0
Financing	4.0	4.8	4.6	4.0	6.2	5.1	5.5	5.1	5.0
Domestic Financing	3.0	3.4	3.3	2.3	3.3	3.1	3.2	2.9	2.8
External Financing (net)	1.0	1.4	1.3	1.7	2.9	2.0	2.3	2.2	2.2
External Sector (% Change)									
Export, f.o.b	6.7	9.1	-17.1	15.4	12.0	34.1	20.0	18.0	18.0
Import, f.o.b	25.2	1.8	-8.6	19.7	11.0	30.0	12.0	14.0	14.5
Remittance	15.1	10.2	12.4	36.1	35.0	1.0	16.0	10.0	10.0
Current Account Balance (% GDP)	-2.98	-1.45	-1.26	-0.91	-0.06	-2.19	-1.19	-0.86	-0.81
Gross Foreign Exchange Reserves (Billion US$)	32.86	32.72	36.04	46.39	48.37	42.05	47.07	54.89	64.11
Forex. Reserve in the month of Import	6.2	6.0	7.2	7.8	7.4	5.5	5.5	5.6	5.6

Source: Bangladesh Economic Review 2022

Table 1 shows that, with the exception to 2019-20 and 2020-21, Bangladesh has maintained a continuous GDP growth rate of more than 7% in recent years. Because of the global Covid-19 pandemic, the GDP growth rate in 2019-20 was drastically reduced to 3.45%. However, Bangladesh successfully recovered from the Covid-19 pandemic and has confirmed an attractive GDP growth rate of 6.94% in 2020-21, fueled by an uptrend in manufacturing and service sector activity, whereas the majority of countries are still struggling to recover from the economic effects of the Covid-19 pandemic. National investment and revenue collection (as a percentage of GDP) show an overall positive trend over the last years. The foreign exchange reserves in Bangladesh are being bolstered by rising export and remittance trends, as a result the foreign exchange reserve has increased to 48.37 billion US dollars in 2021-22, the highest in the country's history.

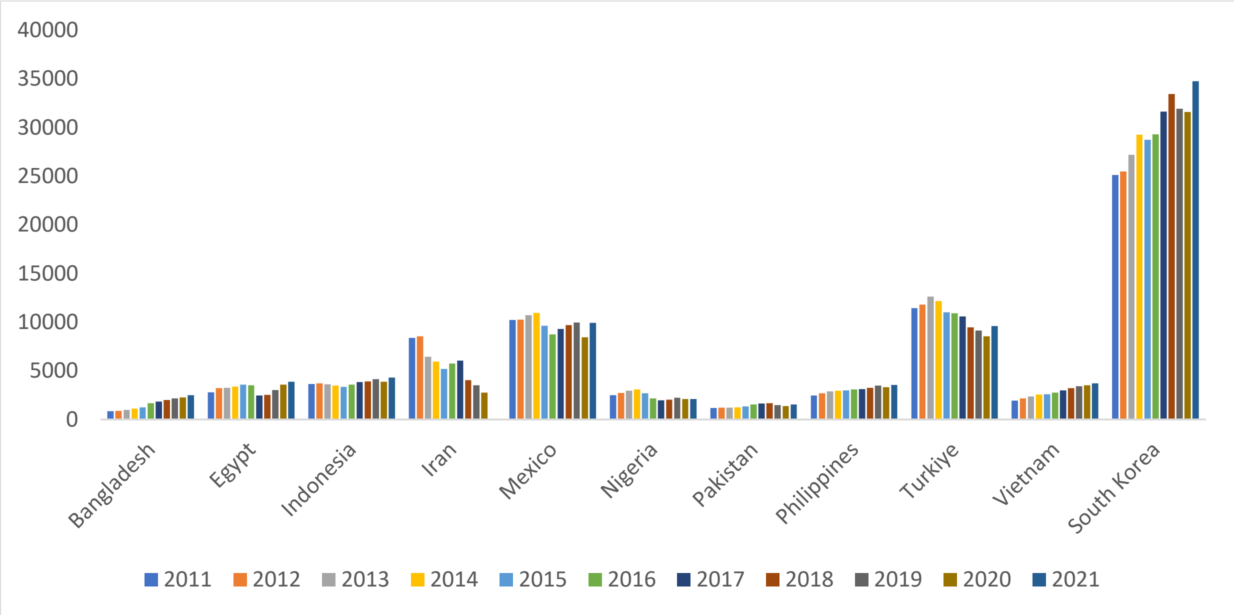
Bangladesh has been designated as one of the Next Eleven (N-11) economies. Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey, and Vietnam are the eleven countries identified by Goldman Sachs as having a high potential to become the world's largest economies in the twenty-first century. Despite Bangladesh's GDP per capita is the second lowest among the NEXT-11 countries, its consistent per capita GDP growth has given economists hope about Bangladesh. Although some of the NEXT-11 countries have experienced ups and downs in their per capita GDP income over the last decade, Bangladesh's per capita GDP has steadily increased from US$ 862 in 2011 to US$ 2503 in 2021 (Table-2). At the same time, GDP per capita fell in Iran, Mexico, Nigeria, and Turkey.

Table 2: GDP per capita (current US$) of Next 11 countries

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bangladesh	862	883	982	1119	1248	1679	1840	1991	2154	2270	2503
Egypt	2792	3230	3263	3380	3563	3520	2444	2537	3019	3569	3876
Indonesia	3643	3694	3624	3492	3332	3563	3838	3894	4135	3871	4292
Iran	8389	8526	6443	5943	5201	5756	6032	4046	3514	2757	..
Mexico	10203	10242	10725	10929	9617	8745	9288	9687	9950	8432	9926
Nigeria	2488	2724	2962	3099	2687	2176	1969	2028	2230	2097	2085
Pakistan	1165	1198	1209	1251	1357	1540	1632	1678	1482	1360	1538
Philippines	2451	2694	2871	2960	3001	3074	3123	3252	3485	3301	3549
Turkiye	11421	11796	12615	12158	11006	10895	10590	9454	9122	8536	9587
Vietnam	1942	2178	2355	2545	2582	2746	2974	3231	3425	3526	3694
South Korea	25096	25467	27183	29250	28732	29289	31617	33437	31902	31598	34758

Source: World Bank Open Data 2022 (Last Updated: 07/20/2022)

Fig 1: GDP per capita (current US$) of Next 11 countries in charts



Source: World Bank Open Data 2022 (Last Updated: 07/20/2022)

In case of annual GDP growth rate Bangladesh showed tremendously good performance compared to most of the Next-11 countries. From 1994 to 2021, Bangladesh's GDP Annual Growth Rate averaged 5.84 percent, with a high of 8.15 percent in the first quarter of 2019 and a low of 3.4 percent in 2020. Among the Next-11 countries, Bangladesh achieved second highest GDP growth rate in 2021 (6.9%) just behind the Turkey's (11%). During the critical situation of the corona pandemic in FY2019 and FY2020, most emerging economies, including Indonesia, Iran, Mexico, Pakistan, and others, experienced negative GDP growth rates, while Bangladesh and a few other countries experienced positive growth rates. Bangladesh made it possible by pursuing export-oriented industrialization, with key export sectors including textiles, leather goods, jute, fish and seafood, and shipbuilding. In addition, it has achieved self-reliance in food processing, pharmaceuticals, and steel.

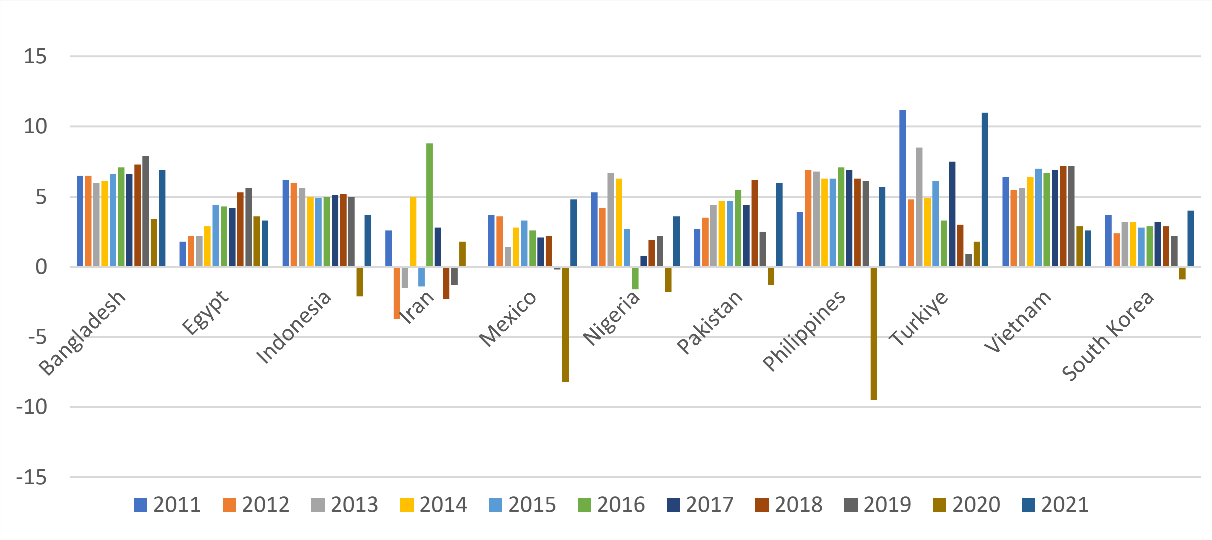
Table 3: GDP growth (annual %) of Next 11 countries

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bangladesh	6.5	6.5	6.0	6.1	6.6	7.1	6.6	7.3	7.9	3.4	6.9
Egypt	1.8	2.2	2.2	2.9	4.4	4.3	4.2	5.3	5.6	3.6	3.3
Indonesia	6.2	6.0	5.6	5.0	4.9	5.0	5.1	5.2	5.0	-2.1	3.7
Iran	2.6	-3.7	-1.5	5.0	-1.4	8.8	2.8	-2.3	-1.3	1.8	..
Mexico	3.7	3.6	1.4	2.8	3.3	2.6	2.1	2.2	-0.2	-8.2	4.8

Nigeria	5.3	4.2	6.7	6.3	2.7	-1.6	0.8	1.9	2.2	-1.8	3.6
Pakistan	2.7	3.5	4.4	4.7	4.7	5.5	4.4	6.2	2.5	-1.3	6.0
Philippines	3.9	6.9	6.8	6.3	6.3	7.1	6.9	6.3	6.1	-9.5	5.7
Turkiye	11.2	4.8	8.5	4.9	6.1	3.3	7.5	3.0	0.9	1.8	11.0
Vietnam	6.4	5.5	5.6	6.4	7.0	6.7	6.9	7.2	7.2	2.9	2.6
South Korea	3.7	2.4	3.2	3.2	2.8	2.9	3.2	2.9	2.2	-0.9	4.0

Source: World Bank Open Data 2022 (Last Updated: 07/20/2022)

Fig 2: GDP growth rate (%) of Next 11 countries in graph



Source: World Bank Open Data 2022 (Last Updated: 07/20/2022)

One of the major weaknesses of Bangladesh's economy is its significant reliance on a single export item, ready-made garments. A sudden decrease in RMG earnings could have a significant impact on Bangladesh's economy. Since its inception forty years ago, the ready-made garment (RMG) business has grown to become Bangladesh's main source of revenue. In the fiscal year 2020–21, Bangladesh's RMG exports brought in 31.45 billion USD, or approximately 80% of the country's total export revenue. This industry not only brings in foreign remittance but also provides jobs for millions of people within the country. In Bangladesh, there were about 4 million RMG workers in 2015; by 2020, that number had increased to more than 4.2 million. These employees include more than 1.8 million men and 2.5 million women. One of the most difficult challenges in this industry is a lack of product diversification. Even though Bangladesh has been exporting garments for about 40 years, there are more items in the low-priced category. Competing countries such as Cambodia, Vietnam, China, and India, on the other hand, produce premium segment products. The RMG sector in Bangladesh continues to receive insufficient backward linkage support. As a result, we regularly need to import raw materials from external sources, including other nations. Furthermore, R&D departments are rare in Bangladeshi factories. Bangladeshi factories take 3 to 4 months to complete the process from product development design to sample production, whereas Chinese factories may finish the same task in 15 to 30 days.

3. HISTORICAL OVERVIEW OF EAST ASIAN ECONOMIC DEVELOPMENT:

Many experts have been surprised by the amazing rise of several East Asian economies over the last 50 years, which has prompted series of articles and books trying to elucidate the phenomena. Research on the factors that contributed to these economies' successful transition to first-world economies has been continued. Since 1960, the Asia continent has had the fastest rate of economic growth than any other continent in the world, but this expansion has not been uniformed across the whole continent (Cohen, 2012). While the eastern region of Asia, particularly Japan, China, Korea, Hong Kong, Malaysia, Singapore, Thailand, and Taiwan demonstrated a rapid development, the western Asia experienced a slow development roughly the same rate as the rest of the world throughout this time (Chang et al., 2004). In general, the East Asian countries began with the export of inexpensive items, then educates their labour force and moved to more lucrative products (Agba, et. al, 2020). In the early 1960s, these economies were a part of the third world. Since then, however, the four Asian tigers (Hong Kong, South Korea, Singapore, and Taiwan) have continually maintained higher rates of economic development, supported by exports and swift industrialization, which allowed these economies to place among the richest in the world (Harvey, 2002). While South Korea and Taiwan are significant hubs of global manufacturing in the fields of information technology and automotive/electronic components, Hong Kong and Singapore are among the world's largest financial centers. In the tremendous development journey of Asian tigers, agriculture played a pivotal role. They were mostly agrarian economies in their initial stage of development and shifted from agricultural self-sufficiency to agricultural commercialization. This stage was characterized by export expansion, which caused the conversion of light industries to heavy industries (Rainis, 1991). Another important aspect of the Tigers' rise was their trade policies and foreign investment. As agriculture was expanded, trade and investment emerged as the primary means of fostering the economic growth of the Asian tigers.

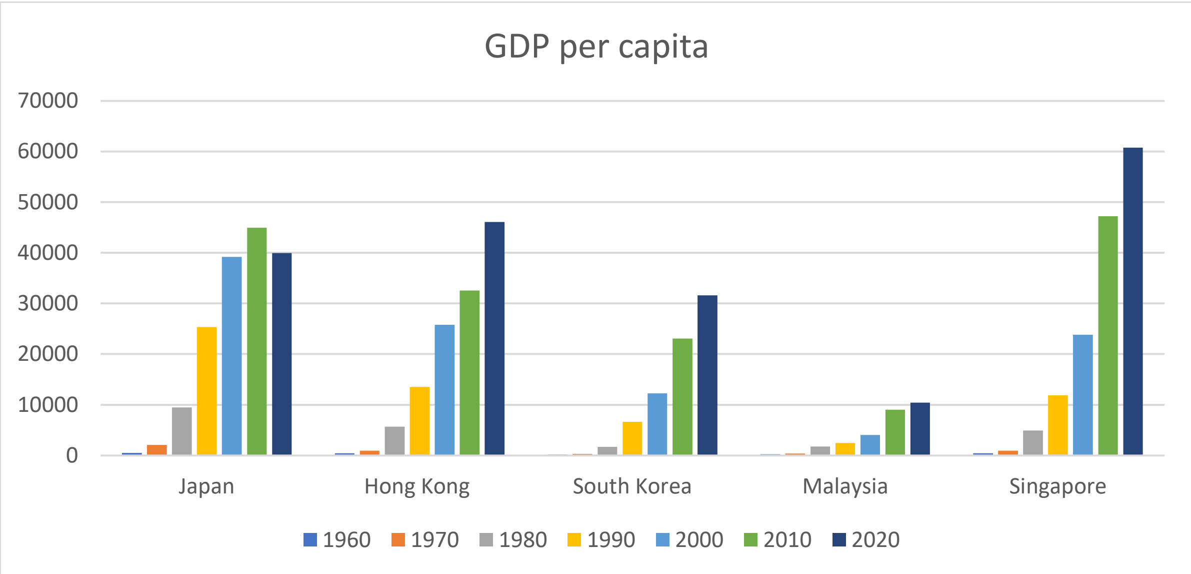
4. SEVEN SUCCESS FACTORS OF EAST ASIAN ECONOMIC DEVELOPMENT

At the beginning of 1960s, several East Asian economies saw extraordinarily high rates of economic growth. This growth experience not only greatly transformed people's lives, but also prompted questions about what factors had caused it and whether the East Asian experience could be repeated by other regions. To explore the factors of success to East Asian economic development many researchers and institutions carried out series of studies. The World Bank (1993) and Hughes (1995) focused on the role of public policy in economic growth as a major factor for consistent progress in East Asian economic development; Kim and Lau (1994), Young (1992, 1995), and Krugman (1994) highlighted capital accumulation in high performing East Asian economies; Sonobe and Otsuka (2001) emphasized capital deepening associated with industrial structure transformation; and Singh and Trieu (1997, 1999) gave more emphasis on the significant technological advancements. However, this study focuses on the following factors as contributing factors of East Asian economic development:

4.1 The Unique Trend of Increasing Per Capita GDP in East Asian Countries:

Latin America's and Eastern Europe's relative per capita GDP fell by more than half between 1820 and 2000, a lengthy period. Africa suffered even a bigger proportional loss, when its income ratio steadily falling from around 35% in 1820 to 6.4% in 2000. (Storm and Naastepad, 2005). Only East Asia overcame the trend of diminishing relative per capita GDP and saw a significant reduction in the gap between itself and the developed nations. Within a surprisingly little period from 1950 to 1980, Japan caught up to the other industrialized economies. After 1960, the income disparity between Korea, Singapore, and Taiwan and the OECD nations (including Japan) was reduced by more than 50%. Similar increases from levels of around 10% are shown in the ratios for Thailand (after 1960), China (after 1980), Malaysia (after 1970), and Indonesia (after 1970).

Fig 3: GDP per capita of some selected East Asian Economies



Source: World Bank Open Data 2022 (Last Updated: 07/20/2022)

4.2 Rapid Industrialization Due to High Agricultural Labour Productivity:

Output per unit of labor input is a measure of labor productivity (LP). A more experienced workforce will have a higher average level of working experience, which could increase productivity (Disney, 1996). In general, East Asia experienced remarkable increases in agricultural labor productivity before its rapid industrialization. Due to the significant disguised unemployment that existed in east Asian agriculture during the middle of the 20th century, the movement of workers from farm to industry did not only not decrease agricultural production but instead increased agricultural labor productivity by lowering employment (Kaldor, 1967). In Korea, this was the case, where agricultural labor productivity growth contributed 43.8 percent to the growth in aggregate production over the years 1950–63. Such a rise in agricultural productivity also occurred in Taiwan (1956–80), Malaysia (1960–80), and Thailand (1951–70). The improvement in agricultural production in Korea and Taiwan can be attributed to hybridization, bigger use of chemical fertilizers, institutional changes (such as landlord-tenant associations to accelerate the transmission of technological information), irrigation, and land reforms in the 1950s.

4.3 The Trade-Off Between Employment Growth and Labor Productivity Growth:

East Asia, unlike other late-industrializing nations, was able to avoid the trade-off between employment growth and labor productivity growth. Growth in productivity results in job losses since businesses can now generate the same amount of output with less labor by using modern machinery. In contrast, the productivity growth leads to job creation also. Productivity growth by technology-enabled innovation resulted the extension of market and higher production that help to create jobs at the same. When productivity growth's overall employment-displacing effect outweighs its employment-generating effect, there is a trade-off between productivity and employment growth. Empirical studies showed that, this trade-off is happened to the majority of late-industrializing nations, with the exception of those in East Asia (ILO, 2005: 98 cited in Storm and Naastepad, 2005). While employment and productivity growth went hand in hand in East Asian countries, this has not been the case in developing Latin American countries and other Asian countries (Storm and Naastepad, 2005).

4.4 The Role of Governments:

Government is often considered as a key contributor to East Asia's development. Governments played a crucial part in Asia's economic change over the past 50 years, either as a leader, catalyst, or supporter. Finding the right balance in their respective roles, which also evolved over time, was essential to managing this changing relationship between states and markets and achieving development success in East Asia. During 1950s, most East Asian nations experienced slow growth, very low rates of saving and investment, and a high reliance on foreign aid. Each of the East Asian nations that are currently performing well has adopted important policy changes since the early 1960s, although there has been a great deal of diversity in the timing and many other aspects of the policies put in place. There are two categories of the policy changes that have been proposed as aiding East Asia's access. The first group of policies consists of those that are now universally acknowledged to have contributed favorably to both capital accumulation and productivity increases. These include the development of education and stable macroeconomic policy. The second group of policies includes trade policy (more particularly, openness or outward orientation), which is frequently cited as a crucial factor in the success of the region. Wherever it took the character of deliberate integration rather than passive insertion into the global economy, economic openness has played a central supporting role in East Asian development. The trade policy, for instance, was obstructive toward imports but liberal toward exporters. The foreign investment policies of the government were formulated in the light of industrial policies in the pursuit of national development goals. Even though openness was important for effective industrialization, it was insufficient on its own and could only make industrialization easier when linked with industrial policy.

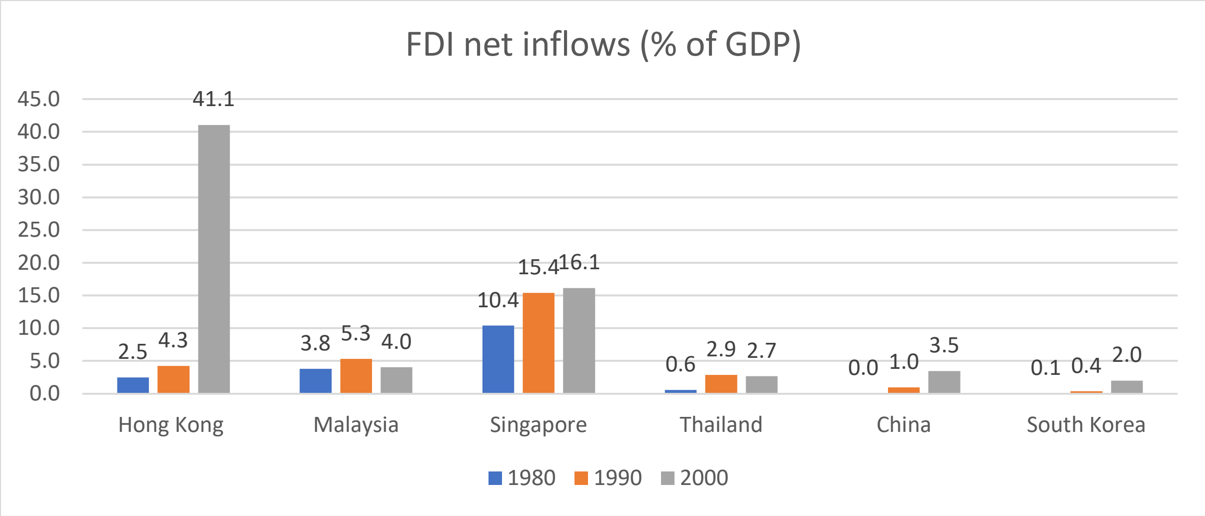
4.5 Following the Developmental Pattern of Flying Geese (FG):

The industrialization of East Asian economies led to the development of light manufacturing industries with a high labor input, which were thereafter turned into capital- or technology-intensive metal, chemical, and machine industries. The leading Asian economies experienced this form of industrialization first, and later other economies followed that trend. Since one leading economy set the direction for the entire flock, this phenomenon is also known as the "flying geese industrial development." The flying geese industrialization is a well-known growth driver of the East Asian economy which is fueled by the catching-up process through industry diversification and rationalization. Particularly in the Pacific region, the division of labor has been properly referred to as the "FG pattern of development" (Okita, 1985). For instance, the United States evolved first as the lead economy in the Pacific region. Then Japan started to play catch-up development in the nondurable consumer goods, durable consumer goods, and capital goods sectors in that order in the late 19th century, and then the "Four Tigers"— Singapore, Hong Kong, Taiwan, and Korea—took off (Nakaso, 2015). Thailand and Malaysia joined these five economies to take advantage of the high development route in the early 1980s. China began to move in the 1980s, and after joining the World Trade Organization in the early 2000s, it began to see double-digit growth, which turned China into a driving force of the Asian economy.

4.6 Asia's Status as "The World's Factory:

Asia became "the factory of the world" with continuing export growth fueled by foreign direct investment (FDI).

Fig 4: Foreign direct investment, net inflows (% of GDP)



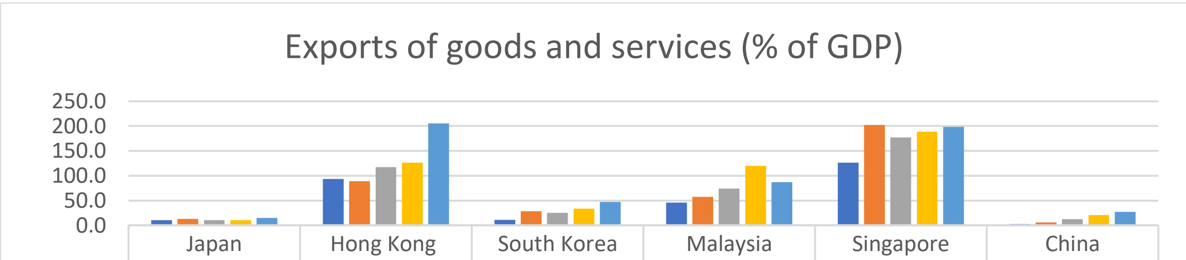
Source: World Bank Open Data 2022 (Last Updated: 07/20/2022)

To assure the most effective means of production, firms in advanced economies actively engaged in the global distribution of production sites. By doing this, these firms could benefit from rising demand in emerging economies as well as mitigating the effects of increased salaries and saturated markets for goods in advanced economies. These movements have also been influenced by significant developments in inventory management and information technologies. With its inexpensive, high-skilled labor forces and its significant potential for future growth, Asia became an attractive candidate in this process (Nakaso, 2015). As global farms move production to Asia, they traded components and finished goods with their home countries and third countries, thus becoming more global in their supply chains. The entry of foreign firms into Asia created employment opportunities and increased exports to the region. Adoption of new production technology and resource management techniques in Asia simultaneously improved competitiveness and the accumulation of human resources.

4.7 Exports and Economic Growth:

It seems that the growth of exports is associated with the growth of the economy. First, exports from the Far East and Newly Industrialized Countries (NICs), which have the highest GDP growth rates, are growing much faster than other comparable developing countries. Similarly, the development of export industries promoted the expansion of domestic demand. Due to the expansion of export industries, a good portion of the labor force has migrated from the rural agricultural sector to the urban manufacturing sector and the number of middle-income households gradually increased as income levels rose with economic expansion, which reinforced strong consumption growth. Thus, the ground was ready for a self-sufficient increase in domestic demand, which, together with exports, highlighted the rise of the Asian economy. The recent increase in direct investment in the non-manufacturing sector has established the notion that Asia is now not only the "factory of the world" but also the greatest consumer base in the world.

Fig 5: Exports of goods and services (% of GDP) of some East Asian Economies



	Japan	Hong Kong	South Korea	Malaysia	Singapore	China
1970	10.4	93.2	11.4	45.6	126.0	2.5
1980	13.1	88.7	28.4	57.5	202.0	5.9
1990	10.2	117.3	25.0	74.5	177.2	12.5
2000	10.5	126.0	33.9	119.8	188.4	20.9
2010	14.9	205.3	47.1	86.9	198.0	27.2

5. LESSIONS FOR BANGLADESH FROM EAST ASIAN ECONOMIC DEVELOPMENT

The lessons learned from the East Asian experience are not always obvious. Experiences change over time and between nations. Results depend on a very complicated - and not always obvious - combination of elements that are challenging to separate and assess (Castel-Branco, 1996). However, the following are the lessons Bangladesh and other developing economies can take away from East Asia's development:

a) The success of East Asia is not due to some mystical miracle, but rather to a superior accumulation strategy. Governments have invested a lot of money into the health, well-being, and education of the workforce. East Asia spent four times as much on primary education per student as South Asia did. One result was that East Asia's labor productivity improved fivefold over three decades (Ahsan, 2018).

b) East Asian countries experienced rapid economic growth because of pragmatic but strict adherence to the fundamentals: lower deficits, inflations, and interest rate; competitive exchange rates; sufficient government revenues for investments, and market openness which ensured economic stability and investor confidences.

c) East Asia applied fewer administrative and governmental restrictions than other developing nations. Less policy-imposed distortions in the labor and capital markets have occurred, and more emphasis has been placed on private entrepreneurship. Market-friendly government intervention to address market dysfunction.

d) Public-private partnerships were crucial. Private and public enterprises grew concurrently, aided by public investment rates that were more than twice as high as the average for developing countries (Ahsan, 2018).

e) A focus on exporting that brought competitive advantages. To remain competitive in the global market, Bangladesh will need to embrace technology. Through technological advancement and innovation, the country needs to diversify and expand its productivity. However, appropriate policies must be in place to bridge the digital divide (Khatun, 2019).

f) Successful economic performance in East Asia appears to have been primarily driven by the neutrality and stability of the incentive structure, along with minimal government involvement, robust labor and capital markets, and dependence on private investment (Balassa, 1988).

g) States intervention can help the economy to run smoothly and correct the market failure. Especially in the developing countries like Bangladesh, markets work imperfectly where production creates externalities (unintended undesirable effects, such as pollution), credit is limited, and the market is a melee in which foreign and domestic firms savage one another and the public through unfair trade practices. In such cases the government can play a role that will moderate the excesses of the market and assist the orderly development of the economy by acquiring technology and by allocating funds for useful projects that promise a good rate of return (Sarel, 1995). The government should start up the industrialization process by transforming economic structure faster than private entrepreneurs would (De Long and Summers, 1991).

h) Newly industrializing countries in East Asia have achieved rapid growth in large part through extraordinary resource mobilization (Krugman, 1994). However, domestic resource mobilization efforts in Bangladesh have been disappointing thus far. Bangladesh has one of the lowest tax efforts in the world, with a tax-to-GDP ratio of only 9.5 percent in FY 2019-20 whereas Indonesia, Thailand, and Vietnam raised more than 20 percent of their GDP in tax revenues. Hence Bangladesh needs to drive for increase the tax-to-GDP ratio in a large extent.

i) East Asians enthusiastically embraced globalization, aggressively exporting to global markets and attracting massive inflows of foreign direct investment. Furthermore, greater export orientation generates a favorable trade balance, which has a positive spillover effect on the rest of the economy. Due to increased imports of food, fuel, and capital goods, Bangladesh has a trade deficit equal to 6.1 percent of GDP in 2019. Readymade garment export destinations remained concentrated in the European Union and the United States. The export sector is threatened by a disproportionate share of readymade garment exports and a narrow market concentration.

j) East Asian societies made enormous sacrifices in terms of consumption and leisure in order to achieve rapid economic growth rates (Sarel, 1995).

k) East Asian countries began by exporting low-cost goods, then educated their workforce and transitioned to more lucrative industries.

l) Financial liberalization and neutral exchange rates boosted exports, savings, and private investment (both domestic and international) while keeping inflation low and the balance of payments in check (Lal 1984 cited in Castel-Branco, 1996).

m) East Asian economies were also regionally highly integrated, with nearly 50% of their trades taking place within the region. Over the last 25 years, East Asian developing economies have received six times more FDI than South Asian developing economies. (Ahsan, 2018).

n) East Asian development was all-encompassing. Although inequality has risen in East Asia in recent years, growth has been broadly distributed over the long term. Many of these economies, including Japan, Taiwan, and Korea at the end of WWII, and later China, Vietnam, and Cambodia, implemented extensive land reforms. Small farms experienced robust agricultural growth, ensuring food security and raising farmer incomes while creating markets and freeing up labor for other sectors.

6. CONCLUSION

Now East Asia's economy is one of the world's most successful regional economies. With the Meiji Restoration in the late nineteenth century, Japan rapidly became the world's only industrial power outside of Europe and the United States, and the transformations that transformed the region into an economic power began. East Asia now has some of the world's largest and most powerful economies, including Japan, South Korea, Hong Kong, Taiwan, Malaysia, and China. The main drivers of expansion have included everything from favorable political and regulatory frameworks for business and industry to an abundance of natural resources and trained, adaptable labor in large quantities. In addition to exhibiting outstanding work ethics, local inhabitants have quickly adapted to the demands of new technology and scientific inventions. The World Bank has dubbed the East Asian economic achievements as East Asian Renaissance. Bangladesh and East Asia have a similar historical background. Bangladesh, too, has risen from the ashes of war to become an inclusive society. The independence of Bangladesh extended the 1950s land reforms, ousted the Pakistani aristocracy, and reduced bureaucratic lethargy. East Asian economies needed better economic management, greater participation of women in education and the workforce, higher investment in human development and rural infrastructure, and labor-intensive export-oriented industries to meet development challenges in their early stages. These factors are also critical for Bangladesh to meet its development goals. These similarities suggest that East Asian lessons may be especially relevant to Bangladesh. Appropriate learning from the economic development of East Asia can assist Bangladesh achieve upper middle-income status by 2031 and developed country status by 2041. Bangladesh will need to make investments in the development of productivity-boosting skills, efficient infrastructures, technology, machinery, as well as a functional and effective financial system with sustained development policies, if it is to meet the challenges posed by emerging manufacturing technologies. Furthermore, openness to trade and investment will continue to be critical tools for fostering innovation and gaining a competitive advantage.

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