

Bangladesh Emerging

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WHAT does Bangladesh aspire to become? A question with million answers. But viewed through a macroeconomist's narrow lens, Bangladesh needs to emerge as the largest-ever manufacturing- and export-led take off in a democracy. Some green shoots are peeking.

The lesson from around the world is development often sprouts out of a mysterious mix of choice and chance; institutions and individuals. Curiously, that mix has only some common ingredients but no common recipe. What worked yesterday may not tomorrow; what works during the low tide may not during the high tide. In short, development is not a destiny.

In a timely reminder, the recently held BIDS conference, titled 'Critical Conversation', prodded us to be confident but also curious and humble about Bangladesh's takeoff. In that spirit, I want to share four observations on our journey.

First, on being the largest-ever manufacturing takeoff in a democracy.

Only seven countries are at least as large as us in this regard. With 100 million or more, Brazil, Indonesia, Nigeria, and Russia are commodity stories, relying on commodity (i.e., oil) exports; India is a service story, trying hard to ignite manufacturing; China and Vietnam are manufacturing stories but in a socialist market economy. That would make Bangladesh a story of the largest manufacturing-led takeoff in a democracy, if the green shoots mature as trees.

Past such takeoffs were few and smaller in size. The prime examples are the UK and the US. In 1800, while moving from agriculture to industry, they together were smaller than Dhaka's population today. Even in the 1870s, with 4-5 times higher per capita than we are at now, when the UK was the political superpower, the US the economic superpower, they combined were only 60 million, smaller than even half of Bangladesh today.

As in aeronautical engineering, macroeconomic management is a function of size: the aerodynamics and the pilots of Boeing 747 are different from those of a small Cessna. Of

course, it helps that the world now is bigger and more globalised with technology, trade, and finance than in the 1870s; the stronger wind can help our liftoff. Our large population means domestic demand can be an extra engine of growth. All possible but not preordained.

Second, why the emphasis on manufacturing? The reason is simple: it can create more and better jobs quickly to absorb our 2 million new workers every year.

To contextualise, India's world class IT industry employs only 2.5 million of its 500 million workers. High-end services, like IT, can flame aspirations and absorb educated middle class but not the large mass. Last September, an advertisement for 368 tea boys and night guards in Uttar Pradesh drew 2.3 million applications. Hence the Make in India campaign for manufacturing and for jobs.

Like a necklace of multi-coloured pearls, manufacturing today forms a chain of specialisation. Each country specialises in only some pearls. Unsurprisingly, high-value products mean longer chains. iPhone parts, for example, are made in more than 30 countries before being assembled in one location. No wonder 80 percent of global trade is conducted by transnational companies with productions in more than one country.

With diffused manufacturing, what and how well we produce is important. Equally, if not more, important is how seamlessly we connect with the world. That's why infrastructure, skills, and institutions matter so much, especially as our manufacturing reaches beyond garments.

Third, takeoff in a democracy. Bangladesh is now in an unprecedented flux amid 4 critical transitions: industrialisation, urbanisation, young demography, and technology (mobile, media). These forces can both unite and fragment societies, straining harmony. During these transitions, changes often do not add up; they multiply.

In a society amid such tectonic shifts on steroids, where culture, family, work, values all are changing fast, trees are becoming hyacinths, identities will invariably face tension, which, if

unattended, can interfere with the takeoff.

As we are learning painfully, harmony seems brittle in today's world where cultures and identities are weathering complex pressures; where aspirations and resentments have gone global and digital, with the butterfly effects of the Chaos Theory: small causes can have large effects.

Technology, for example, spreads light but also darkness, polarising souls into binary shapes: aspire or despair. Amid all this, unsurprisingly, the physics of the young, crowded, and connected makes our social equilibrium particularly delicate. Democracy, with liberal and inclusive institutions, offers the least imperfect safety valves and the best hope to negotiate these relentless transition pressures, to glue the society, and to make the long journey less bumpy. The physics also means job, inclusion, and social justice are more than just lofty advocacy goals; they have to anchor every engineering equation.

Good news is our growth drivers - garments, remittance, agriculture - have mostly been inclusive, balancing social harmony. At least till recently. In 1971, we started out as a poor, rural but an aspirational and more equal society. Despite far lower poverty now, with growth, inequality has been rising in the last two decades through diverging income, education, and land price. True, growth and inequality are often co-passengers but the latter, when unruly, chokes the former and poisons societies. Just look around the world.

Let me digress a bit. In the 1980s, a hybrid public transport with the face of a truck but the body of a bus - seemingly a product of Greek mythology - used to ply between Rampura and Farmgate. It was called "murir tin," a can of puffed rice, because passengers were packed like rice, actually more like sardines. A high school friend used to joke Bangladesh is the biggest; "murir tin" bus, where if one stinks, we all smell.

It's obvious we all are in it together, sharing the same, limited oxygen. We are a land where even improbable lightning strikes can kill 64 people in 48 hours. That makes inequality and polarisation both expensive and

explosive.

Fourth, the flight conditions over the coming decade.

The flight records of the last 50 years show two big waves of takeoffs, mostly in Asia: the first was during the 1960-'70s, with Taiwan, Singapore, Korea, followed by Malaysia, Thailand, Indonesia; the second in the 1990s: China, India, Vietnam, Bangladesh, Cambodia.

Looking back, our democratic journey since 1991 luckily coincided with the stronger global tailwind from the second wave: the world, especially emerging markets, grew rapidly. So did we, defying predictions, causing surprise, and earning respect.

Looking ahead, global growth will likely be slower over the next 20 years than in the past 20. Think of China's churning, Japan's tepid growth, the US recovering coyly, the Middle East hurting from the low oil price and geopolitics, the EU still coping with the 2008 crisis legacies and now Brexit. With weaker tailwinds on our back, we need to sail harder, reform faster, and implement better.

All told, what do these four observations above mean for our development recipe?

Going forward, the crux of our challenge is how to foster urgency and competency in a democracy; how to anchor identities amid flux, much like floating hyacinths; how to upgrade institutions, industries without waiting for the "cathartic" crises. For example, how to restructure garments industries without Rana Plaza?

I realise these questions about institutions have no simple or single answer. Like a Darwinian ecosystem, institutions have many species. They evolve, rise, and fall too. But let me take a boring and sweeping view of the lessons from other democracies.

An ironic lesson is institutions and reforms often grow out of crises, which help blunt vested interest groups, empower reformers, and forge consensus. Think of the US in the 1800s, with major banking crises almost every 6 years. The Federal Reserve Bank was established only in 1913, six long years after the 1907 banking crisis. The 1929 market crash gave birth to their SEC.

A sad, more complex lesson is not all crises lead to reform: Tazreen did not prevent Rana Plaza.

Reform ultimately hinges on how well we internalise the lessons of the past crises, on how quickly we learn, on how cohesively we travel together. A crisis is a terrible thing to waste.

Many of our successful micro-institutions and social innovations were borne out of the famine, over population, food shortages, and floods in the 1970s-'80s. We did not waste those crises. In defiance and with resilience, we pioneered solutions amid darkness where and when few saw light. Those stubborn crises coupled with the tsunami of inspirations unleashed by 1971 gave us focus, discipline, and consensus, which need extra nutrition and oxygen today, especially amid the problems of plenty.

Now, back to the future. A new phase awaits us, breathing for newer solutions, consensus, and capacity than those in the first three decades. Microfinance, for example, is not scalable to infrastructure financing; NGOs teaching loving mothers oral saline usage to save her dying child is not the same as the government building a four-lane highway on time, with quality, and within costs. With larger scale and higher altitude, capacity and public institutions need to mature exponentially.

In that BIDS Conference, we requested the Director General to continue the 'Critical Conversation' seminar series to study other countries with similar transitions. For example, in a 1956 Pulitzer Prize winning book the Age of Reform, Richard Hofstadter recounts how the US implemented mass reforms during 1880-1920, an era of both great progress and great dislocations, much like ours now.

We are at new waters: the promise of the largest-ever manufacturing- and export-led takeoff in a young, crowded, and connected democracy, navigating a low-growth world. The road ahead is long and the slope is steep.

Let's think about the road ahead, together, and with curiosity and humility.

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Reviving the Age of Wisdom

PERIPHERALLY YOURS



SHAHNOOR WAHID

THE obsession with a section of youths of the country about "dying" for Islam gives rise to the paradoxical question: How can one serve Islam better? By being dead or by being alive and leading a productive life? We fail to comprehend what

and physicians from the "Golden Age of Islam" from the 8th century to the 12th century.

The Islamic Golden Age refers to a period in the history of Islam traditionally dated from the 8th century to the 12th century, during which much of the Islamic world was ruled by various caliphates. This period is traditionally understood to have begun during the reign of the Abbasid Caliph Harun al-Rashid (786 to 809) with the inauguration

Thus, during this period, Muslims showed a strong interest in assimilating scientific knowledge of the civilizations that had been conquered. Many classic works of antiquity that might otherwise have been lost were translated from Greek, Roman, Persian, Indian, Chinese, Egyptian, and Phoenician to Arabic and Persian, and later translated to Turkish, Hebrew, and Latin.

This was possible as the Muslim governments of the time heavily

from China to Muslim regions in the 8th century, arriving in Al-Andalus on the Iberian Peninsula, present-day Spain in the 10th century," it became easier for Muslim scholars to keep a record of their discoveries and inventions.

History tells us that names of Muhammad ibn Mūsā al-Khwārizmī, Ibn Mu'ādh al-Jayyānī, Ibn Al-Haytham (Alhazen), Ibn Sina or Avicenna, Al-Rhazes, Abd al-Rahman al-Sufi, Al-Kindi, Ibn Khaldun and dozens others will shine like bright stars in the firmament among the ancient wise.

The young, countless Muslims of

today should know that the Guinness World Records recognises the University of Al Karouine, founded in 859 AD, as the world's oldest degree-granting university. The Al-Azhar University was the first university in the East, and perhaps the oldest in history.

That was a short glimpse of the Islamic Golden Age. It may be said with a great deal of conviction that if instead of devoting their life to acquiring scientific knowledge al-Khwārizmī, al-Kindi or Ibn Sina had taken up arms to wage jihad against the "infidels" and gotten killed in the process, there would have been no such thing as the

Islamic Golden Age. They did all those great things by being alive and through hard work. They were also true Muslims.

We have to enrich our knowledge by reading the fascinating books on their works and achievements, and carry on from where they had left. Muslims have to wage jihad against ignorance and superstitions, and seek scientific knowledge that can be applied to human welfare. It is only by serving mankind that one can be a better human being and thereby a good Muslim.

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good can a dead Muslim do to Islam? On the other hand, those who live and work can surely serve Islam better. How? By completing education, working hard in research laboratories to discover ways to preserve food better, or discover vaccines for childhood diseases or effective medicine to cure diabetes and cancer and so on. Surely, such Muslims would do great service to Islam if they remain alive and work hard to discover technology to control floods that destroy households of the rural people every year. They would be remembered with great veneration by all for centuries if they would find better ways to fight pestilence and methods to increase crop production.

And this is exactly why we remember even today names of great scientists, scholars, mathematicians

of the House of Wisdom in Baghdad, where scholars from various parts of the world with different cultural backgrounds were mandated to gather and translate classical knowledge from around the world into the Arabic language. With the collapse of the Abbasid caliphate after Mongol invasions and the Sack of Baghdad in 1258 AD, the Islamic Golden Age is said to have met its end, while a few contemporary scholars place the conclusion of the Islamic Golden Age as late as the end of the 15th or 16th centuries.

It should be noted that the Muslims of this age were motivated in their pursuit of knowledge and the development of science by various injunctions in the Quran and Hadiths which place great value on education, stressing the importance of acquiring knowledge.

supported and patronised scholars. Interestingly, the money spent of the Translation Movement for some translations is reported to be "equivalent to about twice the annual research budget of the United Kingdom's Medical Research Council" (<http://www.bbc.co.uk/programmes>). Moreover, Caliph Harun-al Rashid and his son al-Ma'mun established the House of Wisdom, which consisted of a library, translation centre and academy, in the Abbasid-era Baghdad.

Eventually, with the introduction of paper and a new, more convenient system of writing, it was possible to 'democratise' information. For the first time in history, making a living from simply writing and selling books became a reality. When the use of paper spread

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