

A global aging population and Bangladesh's economy

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MANY of the industrialised economies are going through an unprecedented demographic change called "population aging". Population aging is a situation where the share of the population over 65 rises relative to the working-age population (15-64 years). In Japan, for example, there are so many older people that recently Japanese government statisticians divided people over the age of 90 into three separate categories: 90-94, 95-99, and 100-plus. Today, a staggering 68,000 Japanese are at least 100 years old!

While birth rates are falling, aging is more of an outcome of people living much longer, thanks to advances in medical technology. A century ago, workers in Europe would be lucky to reach retirement age; today, people are expected to live 20 to 30 years after their retirement. A lot of ink is being spilled fretting over the effects of population aging on economic growth, mostly from



Pictured here are elderly residents at a temple in Tokyo. Japan is one of many developed countries with a burgeoning elderly population.

PHOTO: YOSHIKAZU TSUNO/AFP

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the perspective of developed countries. A widespread perception is that older populations work less, reducing a country's potential productivity and economic growth.

Comparatively little is known about how global population aging will affect the economy of Bangladesh. From an economic perspective, Bangladesh's integration to the rest of the world can be narrowed down to two items: exports of readymade garments and labour services (mostly unskilled or semiskilled workers). So, it is very likely that any changes to the global economy would be transmitted to the Bangladeshi economy through these two direct channels: RMG and overseas workers.

Will we see a fall in garment exports because the size of elderly population is increasing more than the younger population in developed countries? Will developed countries hire more workers from Bangladesh because of their shrinking labour force? In a recent research study, we shed light on these

questions.

Older people consume goods and services differently than younger people. For example, older consumers spend less of their income on clothing and transportation and more on food, medicines, and healthcare products. Older shoppers have higher disposable income than young consumers. In the United States, for example, income growth of the 65-and-older age group has been the best performer in the last decade. The labour force participation rate of the elderly cohort also recorded the highest growth. Today, the young are more burdened with debt than old people.

Surprisingly, many retailers such as H&M and GAP—with whom Bangladesh does a lot of business—have not targeted older shoppers successfully. Most clothing advertisements are still fixated on younger shoppers. According to AT Kearney, a global management consulting firm, for the rest of the 21st century, the world's fastest-growing consumer group will be people of the age of 60, who will force companies to rethink the way they do business.

All these facts and trends, however, are a matter of lesser concern for Bangladesh. This is because Bangladesh is a part of international production networks and a subcontractor for large retailers. So thankfully, Bangladesh need not worry about the shift in consumer preferences for apparels. This is a headache of western retailers who must continuously follow changing market trends.

Such complacency about changing market conditions, however, comes at a hefty price for Bangladesh. For example, a news headline in a local English daily

in May 2017 read: "What does Bangladesh get for a \$42 shirt? \$3.30." The large price gap between suppliers and buyers is the price of complacency for not bearing the risk of unsold merchandise, changing tastes, or even shipping accidents when transporting the goods overseas.

So, global population aging does not have a direct impact on the future demand for Bangladesh's RMG. As long as Bangladesh remains a competitive supplier, it is likely to maintain its market share in global apparel market despite the pronounced demographic shift in developed countries.

What about the impact of population aging on Bangladesh's overseas employment? On the surface, it seems that because of the relative rise in the number of older workers, developed countries will hire more workers from labour-surplus countries such as Bangladesh. The logic behind this conjecture is that a smaller labour force will hurt economic growth.

But this is not always the case due, at least, to two factors: automation and the rise of nationalism. In fact, recent research suggests that countries experiencing more rapid aging have grown much faster in recent decades. The explanation for this counterintuitive finding is that countries with a fast-aging population are rapidly adopting automation technologies. To minimise the potential adverse effects of labour scarcity, developed countries are increasingly relying on industrial robots for work that humans used to do. South Korea, Germany, Netherlands, and Finland are leading the adoption of industrial robots among OECD countries.

Besides automation, developed

countries are encouraging older workers to remain longer in the labour force by raising the retirement age and other complementary initiatives such as phased-in retirement and late-life work. Surprisingly, today's older people are more willing to work than their previous generation. In the United States, the labour force participation of men aged 65 to 69 was 37 percent in 2016, compared to 25 percent in 1985.

However, the biggest threat to the free movement of labour comes from the global rise of populism. There is a growing aversion to immigration among the population in developed countries. Both trade and immigration have become prominent targets since Brexit and Donald Trump's ascendancy to presidency. Therefore, despite a population decline, a large segment of the population in developed countries may prefer to be poorer and keep the country to themselves.

Finally, more than trade and labour, population aging will create opportunities in finance. As older people save, a global pool of savings becomes available in the form of pension funds, insurance, sovereign wealth fund, etc. Most of these savings are invested in equities and bonds, and only around one percent of the savings is invested in infrastructure. Herein lies a tremendous opportunity for capital-hungry countries like Bangladesh—but to make use of it a proper legal and economic environment is needed for institutional investors.

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Anti-drug drive

Being pursued on a flawed strategy

WE remain deeply skeptical and concerned about the strategies employed by the security forces to curb the drug trade. So far, 42 alleged drug traders have been killed in so-called shootouts across the country.

There's no doubt that the drug problem is a grave threat to our society, which must be addressed in a holistic manner. But a large number of those killed in the operations, we feel, were mere foot soldiers; the godfathers who control the narcotics business remain at large. To contain the pervasive menace, the government must go after the financiers, manufacturers and distributors and bring them to book.

In the case of the ongoing operation, the extrajudicial handling of the entire affair creates a scope for innocent people to be targeted and harmed. Already, there are reports that security forces had gunned down an innocent man in Chittagong on the basis of inaccurate information from a source, who was also later killed. In Feni and Gazipur, families of men killed in "shootouts" have alleged that the local police sought bribe in exchange for their release. In Feni, relatives have alleged that the failure to pay the bribe led to their deaths, while in Gazipur's Tongi, the police allegedly killed a detained man even after having been paid the bribe.

Apart from concerns about the rule of law, international experts who have extensively studied such "war on drugs" have concluded that they were failed, and often counterproductive, strategies. They have found no positive long-term impact of this method of anti-drug campaign.

The stated objective of the security force's ongoing operation is, of course, good, but the method employed to achieve the objective is erroneous. Not only is such a strategy unlikely to be successful, it gives a carte blanche to law enforcement agencies and makes them wantonly indiscriminate. That is a situation the nation cannot afford.

Halt stone extraction in the hilly streams

Livelihoods of local communities endangered

A survey conducted by Bangladesh Marma Student Council on the effects of relentless stone mining in over 200 streambeds has been made public. From what is understood, this illegal practice is taking place in five upazilas in the Chittagong Hill Tracts and the removal of stones from streambeds is facilitating the drying up of these tributaries which ultimately feed the Sangu River. The stones help keep the flow in these streams on which at least eleven communities are dependent for sanitation, irrigation and fishing.

Stone mining is most rampant in Thanchi because some road construction is going on in that upazila. These streams stretch 170km and fall under the jurisdiction of the upazila administrations, which apparently turn a blind eye to the long lines of trucks that carry away the broken stones. Ignoring the situation, which is clearly a violation of law, is in effect giving rise to a much bigger problem and that is the condition of the Sangu River which is fed by the streams in the hills.

We understand that road construction is a necessary development activity, but this should not be at the cost of local biodiversity and the livelihoods of some 12,000 people who depend on these streams for survival. It is obvious that such illicit activity could not take place without the tacit approval of some corrupt officials who are cohorts of the stone miners. We expect the local administration to put a stop to this damaging activity immediately so that people in these hill communities are not put in peril.

LETTERS TO THE EDITOR

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BETWEEN THE LINES



KULDIP NAYAR

HOWEVER justified Delhi's Archbishop Anil Joseph Thomas Couto may be in calling on fellow Catholic Christians to pray for a change of government at the Centre, he is guilty of committing a grave mistake: mixing religion with politics. In a pastoral letter, he has asked fellow priests to pray and fast for a change in 2019 elections, arguing that India faces a turbulent political future which threatens the country's democratic polity.

Today, when India as a nation faces attacks from fascist and parochial organisations, it is incumbent upon the religious heads to speak out. Some may not consider it good for India's health. If religious heads of different communities jump into the political arena, they no longer remain distant from politics as they should. The main criticism against Prime Minister Narendra Modi is that he wears the badge of Hindu chauvinism on his sleeves. He has divided the people to an extent never seen before.

So much so, several Christian leaders have accused the Bharatiya Janata Party government of tacitly supporting the groups that are working for establishing a Hindu rashtra, ignoring the interest of other religious and ethnic minorities. They allege that attacks against Christians have increased after Modi came to power.

There were as many as 736 attacks recorded against Christians in 2017 against 348 in 2016, as per an ecumenical forum that records Christian persecution in India and helps victims. "We are witnessing a turbulent political atmosphere which poses a threat to the democratic principles enshrined in our constitution and the secular fabric of our nation." So writes the Christian protector. It is our hallowed practice to pray for the country and its political leaders, but all the more so when we approach general elections.

The pastoral letter carried a special prayer composed for the nation's protection. It also asked parishes, religious houses and Catholic institutions to organise Eucharistic adoration every Friday and recite the prayer for the nation. The prayer read: "Let the ethos of true democracy envelop our elections and flames of honest patriotism rekindle our political leaders in these troubled times as we see clouds eclipsing the light of truth, justice and freedom."

The move by the Delhi Archbishop has been wel-

comed by India's Catholic and Christian leaders. Perhaps, other minorities may use this as an opportunity to ventilate their grievances. The Muslim leaders, particularly, may challenge India's constitutional credentials. Already Asaduddin Owaisi, a Lok Sabha member from Hyderabad, speaks like the Muslim League leaders of pre-partition days. He probably believes that parochial politics will give him a countrywide importance as well as renew the atmosphere of confrontation between Hindus and Muslims.

During my recent visit to Aligarh, I found the Muslim University living in the same make-believe world. They have not realised that there is no ummah



Archbishop of Delhi Anil Joseph Thomas Couto has come out with a circular, asking Christians to offer prayers and observe a day of fast every Friday for the nation ahead of India's general elections.

other than India. A few years ago, there was an international conference at AMU to revisit and rethink traditional solutions. The focus was to chart out a future course of action for Islamic unity. The outcome of the two-day conference brought out an interesting summary of how Muslims saw themselves then and how they would like to be seen in the future. One of the speakers from Egypt wanted all the sects under one umbrella and presented a unified Islam to the world.

The answer to counter Hindu chauvinism is not Muslim chauvinism or, for that matter, Christian chauvinism. One prays that the Archbishop's effort to bring

about a change at the Centre would depend on his equation with the Hindus, who constitute 80 percent of the Indian population, not any particular community. He has given an opportunity to the country to discuss how far India has slipped away from its objective of being secular, the ethos of the national freedom movement. The Archbishop should not be seen as a person who has reignited the fire of communal divide. Nor is it his purpose.

The scenario is similar to what happened during the Pope's visit to Mexico before the recent elections in the US. During his visit, the Pope gave the first-ever Catholic mass that straddled the border between the two countries. About 200,000 people watched from the Mexican side of the border, and around 50,000 from the US. The visit provided the most iconic visual from his trip. It was also overtly political, directly aimed at influencing American politics.

In fact, the United States was in the process of choosing its next president. I recall immigration was right at the heart of that debate. If there was any doubt that the Pope wanted to affect America's election by praying with immigrants on the US-Mexico border, he put it to rest on his trip back home. The then presidential candidate Donald Trump was categorical about his immigration policy when he said: "If elected, I would build a 2,500-kilometre-long wall along the border." He wanted to deport 11 million illegal immigrants. The Pope's remark was equally caustic. He replied: "A person who thinks only about building walls, wherever they may be, and not building bridges, is not Christian!"

However, the Pope later said that he would not advise whether to vote or not to vote. "I am not going to get involved in that. I would only say that this man (Trump) is not Christian if he has said things like that." But the Pope had made clear what he thought of Trump and his policies. He had clearly tried to influence the presidential race.

In fact, the Pope had called himself a "political animal." In 2013, he had even gone on record as saying that a good Catholic meddled in politics. He viewed it as part of his religious duty. Perhaps the Delhi Archbishop has torn a leaf from the Pope's book. But, unfortunately, this is not what India needs to strengthen its secular polity. The RSS may try to emulate the extremists and push its agenda of a Hindu rashtra in India.

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