

# What may the economy look like in 2024?



AN OPEN DIALOGUE

**Dr. Abdullah Shibli**  
is an economist and works for Change Healthcare, Inc, an information technology company. He also serves as senior research fellow at the US based International Sustainable Development Institute (ISDI).

ABDULLAH SHIBLI

Will 2024 be a good one for us? The verdict so far is that the year will see slow GDP growth but also experience lower inflation. Recent interest rate increases pushed many borrower countries, particularly in the South, on the brink of defaulting on their sovereign debts. Food prices and energy costs will be volatile, given the current state of geopolitical tensions. Three significant unknowns at this point are the trajectory of the two ongoing wars in Ukraine and the Middle East, the resurgence of

continuing volatility in geopolitical and geo-economic relations between major economies is the biggest concern for the risk officers in both the public and private sectors. Most respondents participating in the Chief Risk Officers Outlook 2023 survey were edgy and are expecting upheavals at a global scale. The report was released three months before tensions escalated in the Middle East. The best news, and this bodes well for 2024, is that 2023 turned out to be better, in terms of economic



VISUAL: REHNUMA PROSHOON

**One of the major influencing factors for 2024 is the outcomes of elections in many countries. The New York Times reports that more than two billion people in roughly 50 countries, including Bangladesh, India, Indonesia, Mexico, South Africa, Russia, the United States and the 27 nations of the European Parliament, will have national elections in 2024. "Altogether, participants in 2024's elections olympiad account for 60 percent of the world's economic output," the newspaper estimates. Needless to say, the outcome of these will have a major impact on the global economy.**

Covid-19, and the simmering US-China tension. Adding to that is the uncertainty in the economic policy regime that could come in the wake of the elections in Russia, India and the US. Policy changes, government regulation, interest rates, and other areas could make 2024 a "tumultuous year," Bloomberg suggests. A widely-tracked survey conducted last July by the World Economic Forum showed that

outcomes, than one could have expected, given that two bloody wars are still in progress and could still affect the market for food grains, oil, and other commodities. While nobody expects the ripple effects of the wars on shipping routes and the supply chain to be as catastrophic as the one we saw in 2020-2022 in the aftermath of Covid, there is still a pretty good chance that the war in Ukraine and Israel's invasion of Gaza could jeopardise world economic

recovery. And there is always the low-level tension in the Asia-Pacific region with the US trying to contain China's influence. According to a recent IMF forecast, global growth is anticipated to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024, well below the historical (2000-19) average of 3.8 percent. Advanced economies are expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening takes effect. Emerging markets and developing economies are projected to have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. As I mentioned earlier, the year's biggest concern is the increased uncertainty and volatility in the markets, including the foreign exchange. The world economy is not in a steady state, and there are many factors that might be considered "external shocks," which have the potential to leave us reeling for more breath. Extreme weather conditions, the rising level of tensions in Bab el

Mandeb, and the escalation of Israel's attacks on Lebanon and Syria could each accentuate volatility in energy and food prices and aggravate supply chain problems. Besides, skirmishes between the Houthi forces of Yemen and the US military providing support for Israel in the Red Sea have caused hikes in insurance and freight rates. One of the major influencing factors for 2024 is the outcomes of elections in many countries. *The New York Times* reports that more than two billion people in roughly 50 countries, including Bangladesh, India, Indonesia, Mexico, South Africa, Russia, the United States and the 27 nations of the European Parliament, will have national elections in 2024. "Altogether, participants in 2024's elections olympiad account for 60 percent of the world's economic output," the newspaper estimates. Needless to say, the outcome of these will have a major impact on the global economy. *The New York Times* singles out the following democratic countries: India, Russia, and the US. But it also left out a few other elections in Asia

and Africa. Just before the New Year, Congo re-elected President Felix Tshisekedi, but as can be expected, accusations of fraud, vote-rigging, and other forms of irregularities marred the post-election celebrations in Kinshasa. One wonders how many more elections will be tarred by such unlawful electoral practices. A busy electoral calendar will create policy uncertainty. Turning to the US elections and the soft financial landing that we saw last year, recession fears have almost gone away, although there is a lingering fear that the landing might be bumpy. The biggest uncertainty in the coming months is the Fed's interest rate policy and the prospects of Biden's reelection. If Trump is reelected in November, there could be a tectonic shift in US policy, and this would inject an additional element of uncertainty. What we do know is that interest rates may come down this year because inflation is slowing, and the central banks will no longer be under pressure. The US Federal Reserve has indicated that it is near the end of

its rate hiking cycle and might start decreasing it in the coming meetings. The European Bank and others are likely to follow suit. Since the US rates are critical drivers of other variables, there is speculation as to how many cuts will be forthcoming this year. In Bangladesh, 2023 was the year of inflation. However, there is widespread conviction that these official figures hide the true picture, and it is expected that the new government will take measures to keep the price of food and other essentials in check. If all goes well, interest rates will level off in the second half of this year, and the taka to dollar exchange rate will stabilise after the Hajj season. However, pressure on the exchange rate will continue, with the country's foreign exchange reserve tottering around \$20 billion. The government will need to reprioritise its economic agenda and focus next year on two areas: the bread-and-butter issues for the masses and the stagnating industrial sector. Bangladesh is now the third largest food importer, so grain prices need to be held in check, be it through regulating the syndicates, a better distribution mechanism, or strengthening market management. Pierre Olivier Gourinchas, the IMF chief economist, estimates that grain prices could go up by 15 percent. The FAO Food Price Index is forecasting continued volatility in the rice market, with world rice flows in 2024 likely to fall 1.5 percent below their already reduced 2023 level. Investment in manufacturing in Bangladesh is low, and future growth and employment must come from this sector even though 2023 saw dismal performance. Manufacturing makes up only 22 percent of the national economy, compared with 26 percent in South Korea, 27 percent in Thailand and 28 percent in China, according to World Bank data. Cambodia has 24 percent and only Sri Lanka has a lower share (20 percent). Diversification of the industries must be put back on the government's list of priorities.

PROJECT SYNDICATE

## India's Hindu 'emperor' wants a third term



**Shashi Tharoor**, a former UN under-secretary-general and former Indian Minister of State for External Affairs and Minister of State for Human Resource Development, is an MP for the Indian National Congress. He is the author, most recently, of *Ambekar: A Life* (Aleph Book Company, 2022).

SHASHI THAROOR

India begins the New Year with a general election looming, and the battle lines are already clear. On one side is Prime Minister Narendra Modi and his ruling Bharatiya Janata Party (BJP). On the other is a slew of opposition parties that are largely, though not wholly, clustered around the Indian National Congress party, and together form the Indian National Developmental and Inclusive Alliance (INDIA). The BJP's narrative has undergone significant changes during the party's decade in power. During the 2014 campaign, the BJP's slogan was *achhe din aane wale hain* (good times are coming), and Modi, who had been chief minister of the prosperous state of Gujarat since 2001, was portrayed as an avatar of economic development. As prime minister, the narrative went, he would transform the Indian economy, bringing prosperity—including 20 million new jobs per year—to all. Far from delivering broad-based prosperity, during his first term Modi oversaw a disastrous demonetisation process that nullified 86 percent of India's currency in one fell swoop, causing widespread hardship and mass unemployment. So, for the 2019 election, a new narrative was needed. The BJP found it when, two months before the vote, Pakistan-based militants carried out a suicide attack in the Pulwama district of Kashmir, killing 40 Indian paramilitary troops. The BJP then went to work, recasting the election as a national security referendum. Modi, previously portrayed as the former CEO of Gujarat, Inc, was positioned as a warrior with a 56-inch chest who would keep India safe from Pakistani depredations. A much-lyped Indian air strike targeting an alleged militant base inside Pakistan sealed Modi's new image and tilted the electorate in his favour, especially in the northern Indian states. But, during his second term, Modi again failed to live up to the narrative that got him elected. His assiduously cultivated tough-guy image might have played well against his domestic opponents, but it did not impress China, whose military has steadily encroached on its disputed Himalayan frontier with India.



FILE PHOTO: REUTERS

Before election, the BJP is doubling down on its portrayal of Modi as a true Hindu.

It was on Modi's watch that 20 Indian soldiers were killed in the first deadly clash with China in the area in at least 45 years. China has also managed to cut off India's access to 26 of 65 points that used to be patrolled by both sides. Modi has failed to secure a withdrawal of Chinese troops and restore the status quo ante. So, the national security narrative of 2019 has also lost credibility, compelling the BJP to devise yet another for the coming election. As 2024 begins, they are seeking to portray Modi as a Hindu *Hriday Samrat*—an "emperor of Hindu hearts." In a sense, the BJP is going back to basics with this approach. It has long been known as the party of Hindu nationalism, and Modi himself is associated with a notorious anti-Muslim pogrom that left nearly 2,000 people dead in Gujarat in 2002 (when he was chief minister). It was partly to shake off this association that Modi was reinvented as an economic hero in the 2014 campaign, though even then, the BJP proclaimed Modi's religious nationalism on billboards. During his decade in office, Modi has increasingly asserted the dominance of Hindu Indians, who comprise some 80

percent of the country's population. A series of government actions advanced the BJP's goal of unravelling the cosmopolitan secularism that characterised Indian politics for more than six decades after independence. Now, the BJP is doubling down on its portrayal of Modi as a true Hindu, and thus a more authentic representative

Ram. The Ram Mandir temple represents the fulfilment of this promise, and its inauguration will be accompanied by considerable fanfare across India, particularly in the northern states. All this is expected to bolster support for the ruling party's Hindutva doctrine. Soon after, on February 14, Modi will head to Abu Dhabi, where he will triumphantly inaugurate the first Hindu temple in the United Arab Emirates, the BAPS Hindu Mandir. Modi already touts his independent foreign policy and boasts that he has enhanced India's global stature. The inauguration of the BAPS Hindu Mandir will be an opportunity for the BJP to augment this narrative with the claim that Modi has increased respect for Hinduism abroad. The election is likely to be announced soon after that event. This will send a clear message: the BJP is seeking a third mandate for a Hindu hero. A vote for Modi, the party will suggest, amounts to an affirmation of pride in one's Hindu identity. The INDIA bloc should not seek to fight Modi on his turf. With the BJP having laid claim to most of the weapons in the Hindu-chauvinist arsenal, the opposition cannot win on that battleground. Instead, INDIA should take a lesson from the 1992 presidential election in the United States, reminding voters (and itself) that "it's the

**The BJP long promised to build a grand Hindu temple at the site of the Babri Masjid, a disused mosque that was demolished in 1992 by Hindu extremists who believed, along with many ordinary Hindus, that it had been built on the site of the birthplace of the Hindu god Shri Ram. The Ram Mandir temple represents the fulfilment of this promise, and its inauguration will be accompanied by considerable fanfare across India, particularly in the northern states. All this is expected to bolster support for the ruling party's Hindutva doctrine.**

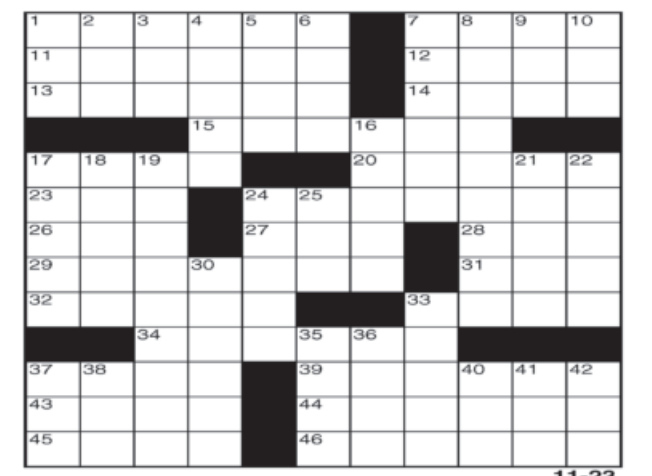
of "the people" than the left-leaning secularists he replaced. This effort will reach a crescendo on January 22, when Modi inaugurates the Ram Mandir temple in Ayodhya. The BJP long promised to build a grand Hindu temple at the site of the Babri Masjid, a disused mosque that was demolished in 1992 by Hindu extremists who believed, along with many ordinary Hindus, that it had been built on the site of the birthplace of the Hindu god Shri

economy, stupid." What happened to *achhe din*? What happened to 20 million jobs per year? What happened to broad-based economic growth? What happened to putting disposable income into the pockets and bank accounts of every Indian? In an election that will pit Hindutva against Indians' material well-being, INDIA's task is to put these questions at the centre of the campaign. Stay tuned.

### CROSSWORD

BY THOMAS JOSEPH

- ACROSS**
- 1 Monsieur's wife
  - 7 Do the decks
  - 11 Tolerated
  - 12 Rocker Collins
  - 13 Zodiac twins
  - 14 Sword part
  - 15 Beginning
  - 17 Shop tools
  - 20 Minotaur's home
  - 23 "That's gross!"
  - 24 Plant boss
  - 26 Avril follower
  - 27 Fury
  - 28 CPR expert
  - 29 So far
  - 31 Orangutan, e.g.
  - 32 Tick off
  - 33 Rating unit
  - 34 "Ben-Hur"
- DOWN**
- 1 Periodical, for short
  - 2 Tad's dad
  - 3 Poorly lit
  - 4 Sonora sendoff
  - 5 List of choices
  - 6 Do copy work
  - 7 Bubble, e.g.
  - 8 Thanks-giving choice
  - 9 Suffer
  - 10 Diner sandwich
  - 16 Threaded fastener
  - 17 Recap
  - 18 Visibly shocked
  - 19 1949 Cagney movie
  - 21 Lightning home
  - 22 Door sign
  - 24 Parking penalties
  - 25 Spanish gold
  - 30 Exaggerate
  - 33 Sleep sound
  - 35 Scots' toppers
  - 36 Egg outline
  - 37 Lingerie buy
  - 38 Snaky swimmer
  - 40 Rocks at the bar
  - 41 Brief drop
  - 42 Utter



### YESTERDAY'S ANSWERS



WRITE FOR US. SEND US YOUR OPINION PIECES TO [dsopinion@gmail.com](mailto:dsopinion@gmail.com).