



The rapid growth of Bangladesh's economy, and what comes after

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achieving sustained, rapid growth is beyond doubt, but what is its impact on the lives of people? Is this growth going to be enough to face the challenges in the near and distant future?

Dr Selim Raihan, Professor at the Department of Economics at Dhaka University, spoke to *The Daily Star* about what this economic growth has meant to Bangladesh in real terms.

"Growth is necessary, because without growth people's incomes won't grow, overall economic activity won't expand. But the more important question is how this growth is happening, what the sources of growth are. An even deeper question is how inclusive this growth is," he said.

"The sources of growth are heavily driven by export of RMG, remittance, and infrastructural development in recent decades. Agriculture sector development has also helped sustain this growth. But the base of this growth still isn't that strong. In export, we depend on a single commodity, the dependence on remittance is also an issue as the earnings fluctuate from year to year. The economic growth we have experienced in the last two decades will be quite challenging to sustain in the same way going forward. There has been little success in economic or export diversification, large scale foreign direct investment has not been attracted either. We have to find ways to make our economic growth broader based and find new sources of growth," he added.

On the topic of making growth more inclusive, he said, "The story of job creation in Bangladesh is not as strong as the story of economic growth. While poverty

alleviation has mostly been successful in our country, the speed at which it should have happened at this time of rapid growth in Bangladesh was never achieved. A big concern is that along with growth, income inequality has also become a bigger problem."

When asked about the future growth prospect of the Bangladesh economy on the back of the last few decades, Dr Rashed Al Mahmud Titumir, Chairman and Professor of Economics at the Department of Development Studies at Dhaka University, said that his models estimate that the Bangladesh economy would reach a trillion dollars in 2033, but only under certain conditions. He referred to the chapter titled, "Towards a Trillion-Dollar Economy: Reflections on and Prospects for Bangladesh at Fifty", from the hitherto unpublished book "Fifty Years of Nation Building: Political Economy of Bangladesh's Development" by the University Press Limited.

The chapter, authored by Dr Titumir and Wahid Haider, a PhD student at Southern Illinois University, Carbondale, "models the growth trajectory of the economy, suggesting Bangladesh would reach the trillion-dollar mark in the year 2033" using the ARIMA (Autoregressive integrated moving average) model. It discusses the conditions and the challenges that Bangladesh will face in making this shift, studying the cases of development in several East Asian and Southeast Asian countries whose economies have developed ahead of



To achieve development in the mould similar to that of other Asian economies, investment in productive capacity expansion is another factor that needs greater focus. VISUAL: STAR

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Bangladesh in the last few decades.

According to the paper, "...the conditions required for the country to move to the next stage of development remain a challenge. Both necessary and sufficient conditions are precursors for the transformation. Necessary conditions include productive capacity, capabilities, and entitlement, as well as social security. These conditions directly influence an economy's structural transformation. Productive capacity is achieved through industrialisation, diversification, competitiveness, and technological catch-up. Structural transformation is also affected by the

capabilities of the labour force. Universal healthcare and education enhance the capability of the labour force. Social security is another factor that denotes structural formation as it is an indicator of healthy living conditions in a country."

The paper mentions the sufficient conditions for achieving the next stage of development as well, which are political settlement and sustainability. It reads, "Political settlement forms citizenship and augments the social contract in the society. Sustainability in the framework incorporates the issue of environment and biodiversity, as climate change threatens the future development of Bangladesh."

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