

Towards a trillion-dollar economy

What Bangladesh needs to do to shift gears



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

In 2024, Bangladesh's economy has a firm footing. But what about the future? Will we continue to rely on the ready-made garments (RMG) industry for employment and export earnings, and depend on expatriate remittances to fuel a lopsided economy? This question came to my mind as I watched millions of RMG workers return to their factories, ploughing through traffic jams, clogged roads, and dilapidated infrastructure, with concern in their minds about their future job prospects.

And what about those with a graduate degree, who need help finding employment in their preferred profession? Or those who have bagged a low-paying job in a temporary gig—like my own nephew, who has an MBA and is an accountant, but is struggling pay his bills with a minimum wage job in a travel agency?

Bangladesh needs to embrace digital technology to modernise its economy and expand opportunities for people from all walks of life. We are already approaching the quarter-century mark of the 21st century, but the economy is stuck in a rut. It reminds me of the sculpture "The Struggle," based on painter Zainul Abedin's "Sangram," where two bullocks with the driver try to pull a cart laden with logs out of the mud while the wheels are stuck.

On April 2, *The New York Times* ran a long story which lauded Bangladesh's growth model of the last half a century. It gave leaders credit for lifting up millions of poor people and praised the success of turning farmers into textile workers. But the article also cautioned that changes in trade, supply chains, and technology are making our journey into the next quarter of the century perilous. I am sure this precaution

applies to other nations, too. On April 1, in an opinion piece for *The Wall Street Journal*, Robert B Zoellick, former president of the World Bank, lashed out at Biden and Trump, the two presumptive candidates for the US presidency. He attacked them for their inability to see the writing on the walls, and rather than preparing the US for the challenges of the 21st century, taking it back to the 20th.

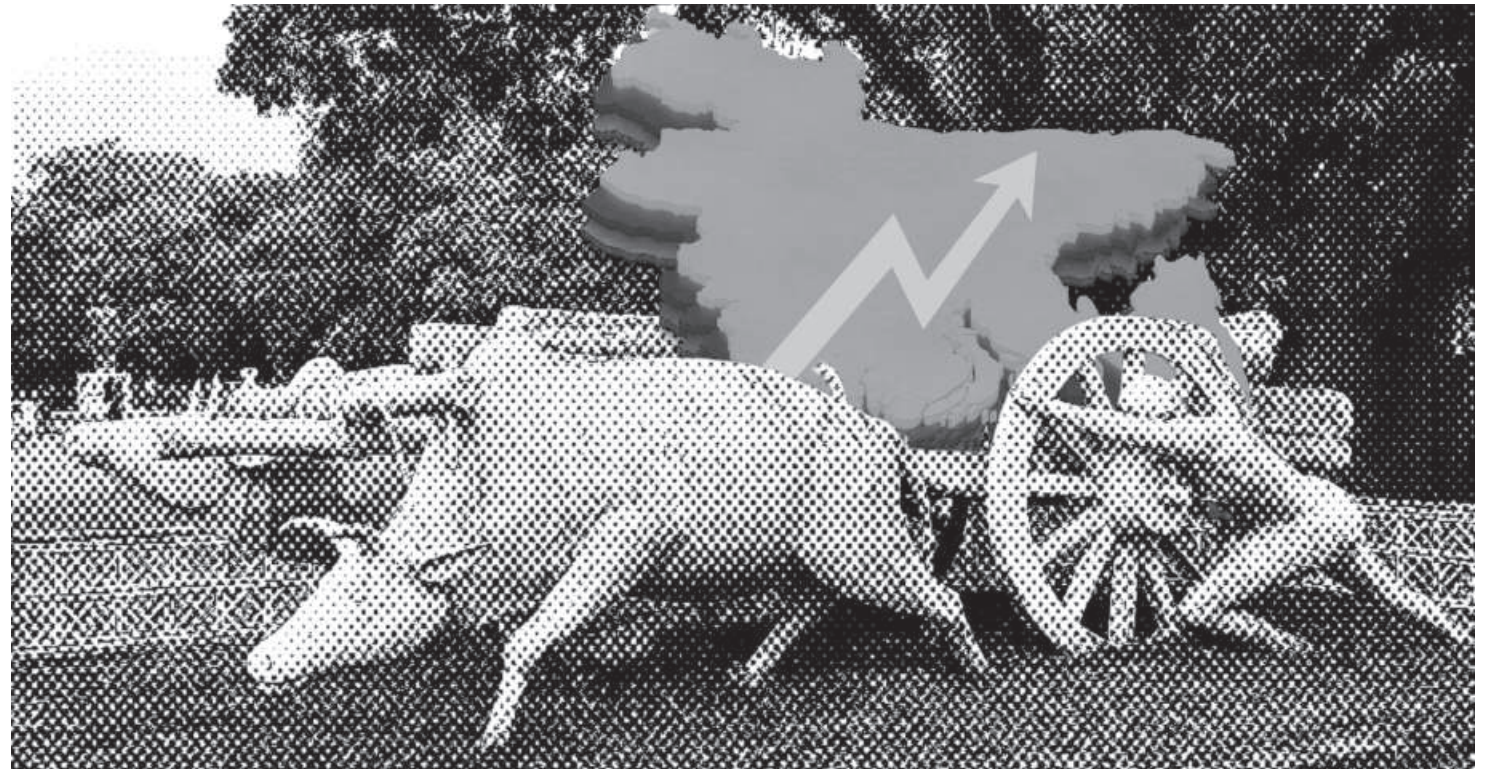
Earlier this year, the World Economic Forum (WEF) released its Future of Growth framework, which advised that with "the pressing need to rekindle global economic growth, we must move to innovative, inclusive, sustainable and resilient growth."

So, what is the takeaway for Bangladesh from these warnings coming from different corners?

Manufacturing, which should still form the base of our economy in the coming decades, must be more productive and will, in any case, require fewer workers to make garments, leather goods, and IT products. We will depend on innovation in artificial intelligence, quantum computing and general-purpose technologies.

To compete in the world, we can no longer rely on the two bread-and-butter sectors of our economy—the RMG sector for jobs and foreign exchange, and the external jobs market for further employment and remittances. Remarkably, we have a very educated young labour pool ready to tackle the challenges, but we need to remove the hurdles they face: nepotism, crony capitalism, and the stagnant services sector, which is only worsened by short-term profit motives.

The question, now, is this: what will spur the economy to reach the trillion-dollar



VISUAL: AZMIN AZRAN

target and the middle-income status? The answer lies within ourselves.

In an article on her Substack titled "Visiting the Future," Susan Crawford, a law professor at Harvard University, wrote in an admiring tone about the climate adaptation of Bangladesh after visiting the country. "They, too, are living in a future that hasn't quite reached everyone in the US yet. Extreme heat, salty water, destructive sea level rise and storms are all facts of life in Bangladesh," she wrote. "The country, in one of the most densely populated and lowest-elevation regions on the planet, was among the first to recognise the need to adapt to the climate changes that are already baked into our world." In her opinion, the country is ahead of the US on the climate curve, and she concluded very optimistically that "being there felt like visiting the future."

How can this country and its leaders, then, miss the cue on the world's economic future? We must marshal our resources and exploit

the broad global economic trend. But we also need to support the economy's evolution from agriculture to manufacturing, and now to services, to reflect changes in our growing domestic demand. Our exports need to take advantage of economies of scale with a diverse array of manufacturing and services.

My friend, Prof Rahul Roy of Boston University's School of Medicine, just returned from a trip to Kolkata. I was curious to know how West Bengal was doing amidst the "chaos" in India. He simply said, "Fine." But he then added that West Bengal, like the rest of India, is moving towards rapid industrialisation. "Bangladesh needs to change direction to diversify and broaden its domestic market," he said. "As you know, the IT sector in India contributes only 15 percent to the GDP [actually, it is only 13 percent]. So, while you guys [Bangladesh] are going gung ho about AI and all that, the industrial sector needs to move away from its over-reliance on garments."

Prof Rashed Al Mahmud Titumir of Dhaka University agrees. In a recent article in *The Daily Star*, he outlines that the necessary conditions for our transition from the present stagnation are industrialisation, diversification, competitiveness, and technological catch-up through structural transformation to enhance the capabilities of our amazingly resilient labour force. Someday, a new cadre of leadership will tap into this opportunity with the spirit of embracing science, technology, innovation, and opportunity.

As I was finishing up this article, I came across a message from Prof Rehman Sobhan: "We are taking development forward, but there are gaps and continuing weaknesses of our institutions. This is a very central element," he said at the launching event in Dhaka of the book *Fifty Years of Bangladesh: Economy, Politics, Society and Culture*, that he co-authored. I am glad that he and I see eye to eye on some matters.

PROJECT ■ SYNDICATE

Does Pakistan still matter to India?



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 *'Ambedkar: A Life'* (Aleph Book Company, 2022).

SHASHI THAROOR

Among the many issues that will confront the government that emerges from India's upcoming general election—running from April 19 through June 1—one of the most important will be what to do about the country's frayed relationship with its troubled neighbour, Pakistan. The answer may be simple: not much.

Until recently, there was some hope that elections in both countries in the first half of 2024 might create an opportunity for a fresh start. But any optimism about the bilateral relationship's future quickly dissipated after Pakistan's controversial February election: with the popular former Prime Minister Imran Khan and his Pakistan Tehreek-e-Insaf party having been barred from running, the new government's legitimacy is widely challenged.

A weak Pakistani coalition government propped up by the military is unlikely to be able to undertake any bold diplomatic initiative toward India, especially because Khan's supporters, who consider themselves unfairly deprived of power, are liable to challenge any significant policy change. Under these circumstances, India will probably be inclined to maintain its policy of watchful "benign neglect" towards Pakistan.

As it stands, India and Pakistan maintain diplomatic relations at the charge d'affaires level (a notch below the ambassadorial

terrorism directed at India. Most notorious, in November 2008, a terrorist organisation from

Pakistan, the Lashkar-e-Taiba, carried out a four-day shooting and bombing campaign in Mumbai, killing over 170 people.

The bilateral relationship never recovered. In fact, there have been numerous moments

Today, India has even less reason to engage with Pakistan. With internal security challenges—especially in its western borderlands of Balochistan (near Iran) and Khyber Pakhtunkhwa (near Afghanistan)—claiming its attention, Pakistan has little capacity to launch any serious attack on its neighbour. Instead, Pakistan's military establishment, led by General Asim Munir,

leaders pulling strings behind the scenes.)

But Bajwa backed the wrong horse. Once in power, Khan—a charismatic former cricket star with a playboy image who had transformed himself into a radical Islamist married to a Muslim religious figure—was unwilling to play by the military's rules. Articulating a fiercely nationalist and Islamist message, and questioning the military's authority, Khan increasingly asserted his independence—and developed a strong national following.

By April 2022, the military had had enough and arranged Khan's dismissal. This was not an entirely unpopular action abroad, as Khan had alienated virtually all of Pakistan's traditional allies. He had celebrated the Taliban's return to power in Afghanistan, publicly accused the United States of plotting to overthrow him, and met with Russian President Vladimir Putin in Moscow hours after Putin launched Russia's full-scale invasion of Ukraine. Khan had also antagonised China by disparaging its China-Pakistan Economic Corridor project. And, by aligning Pakistan with Turkey and Malaysia on some issues, he was seen as undermining Saudi Arabia's leadership of the Islamic world.

In removing Khan, the military seemed to be attempting to restore the old Pakistan: a military-controlled state with a democratic facade that maintains close relations with both the US (on which it depends for military assistance) and China (which provides mostly civilian aid), while seeking to profit from their rivalry. The military also seeks to revive Pakistan's old role in the Islamic world as a moderate Saudi tributary and restore its carefully cultivated image as the last defence against an extreme Islamist takeover.

But the world has changed since Pakistan last played such games. The US is much less willing to turn a blind eye to Pakistani duplicity than it used to be. Its troops are no longer in Afghanistan, after all, and Pakistan—which is increasingly a Chinese vassal—is not nearly as useful a partner as India in the US' rivalry against China. As for Saudi Arabia, it has embarked upon a dizzying modernisation programme that is altering its identity as a bastion of Islamic conservatism.

So, India can afford to look beyond Pakistan. And with an economy ten times larger than its neighbour's, as well as broad global ambitions, it is unlikely to rethink this policy any time soon.



PHOTO: AFP

A BJP supporter flashes the victory sign during a public meeting attended by Indian PM Narendra Modi, in Chennai on March 4, 2024.

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Association for Regional Cooperation (Saarc) has been left moribund by their mutual hostility, having gone years without a meeting.

Moreover, bilateral trade is minimal, and exchanges among ordinary people are limited. Indian citizens struggle to get visas to visit Pakistan, and vice versa. Even in sporting events, the two countries rarely compete with each other outside of international tournaments. In short, India and Pakistan are next-door neighbours who are not on speaking terms—and, in India's view, that is just fine.

India could not always afford to ignore Pakistan, which was long a source of

when a thaw seemed likely—for example, during Indian Prime Minister Narendra Modi's unplanned stopover in Lahore for then-Pakistani Prime Minister Nawaz Sharif's birthday celebration in 2015. But progress has always been disrupted by another Pakistani-directed terror attack.

As long as Pakistan was unable or unwilling to curb Islamist terrorism from within its borders, India concluded, better bilateral relations would remain elusive. So, in 2019, when Pakistan withdrew its high commissioner from Delhi in protest of Indian policy in Kashmir, India did not resist; on the contrary, it preferred things that way.

has been using those internal security challenges—including those that have arisen directly from groups Pakistan fostered as weapons against India—as a pretext to consolidate its control over the Pakistani state.

It was Munir's predecessor, General Qamar Jawed Bajwa, who in 2018 engineered the "managed election" of Imran Khan as prime minister. The military was seeking an alternative to the two main political parties—the Pakistan People's Party and the Pakistan Muslim League—which had alternated in power since the 1970s. (Both had been repeatedly ousted by the military

level) but engage on a few issues and speak past each other in the few forums in which they both participate. The South Asian