

The Daily Star

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Moving ahead with everyone in 2025

New year brings new opportunities for Bangladesh

We welcome the new year with the belief that it will bring fresh opportunities for Bangladesh. Following the transformative events of 2024, including the historic July uprising that ousted the autocratic regime of Awami League, Bangladesh now has the chance to move towards a freer, more democratic future. While our political achievements last year were remarkable, they outpaced our economic progress. In 2025, therefore, the focus must shift significantly towards revitalising our economy.

Despite the accolades of 2024, including being named "Country of the Year" by *The Economist*, the challenges facing the economy cannot be overstated. Inflation, for instance, has remained above 9 percent since March 2023, despite policy tightening by the authorities, causing immense hardship for ordinary citizens. The strain on foreign exchange reserves and external accounts also persisted, as exports failed to grow enough to bolster forex inflows, even with a contraction in imports. Moreover, private investment remains lacklustre, and non-performing loans have surged to a multi-year high. Amid these challenges, there is a perception that the interim government has not prioritised the economy adequately. Without urgent and sustained efforts in this regard, it will be difficult to return to a sustainable growth trajectory.

On a brighter note, with the various reform commissions set to present their recommendations by the end of January, we expect significant legal and electoral reforms aimed at improving the country's overall governance structure. The timeline for the next general election—likely between late 2025 and early 2026—will also be a topic of extensive debate. A smooth and transparent election process could help mitigate political tensions. In this context, the formation of the consensus commission, which Chief Adviser Muhammad Yunus is set to lead himself, is a promising development. Political consensus among all parties and stakeholders is vital, and an early, well-structured national dialogue should be a priority. Achieving this will likely be the interim government's greatest challenge in 2025.

If the government follows this roadmap, we urge all political parties to refrain from disruptive, agitational activities that could undermine the unity we so desperately need to move forward as a nation. The enormous sacrifices made in 2024 have opened a rare window of opportunity to build a peaceful, prosperous nation. It is now the responsibility of the interim government, political parties, and other key stakeholders to seize this moment and deliver meaningful progress.

With that said, we extend our heartfelt wishes for a happy 2025. Let us remember that the future we aspire to is only achievable through collective effort and unity.

Rescue those trapped in Mozambique

Govt must explore ways to ensure the safety of Bangladeshis there

We are deeply concerned about the safety of around 8,000 Bangladeshis who have been caught in the middle of an ongoing conflict in Mozambique. Violent protests have erupted in the southeastern African nation since its top court upheld a disputed election result on December 23. According to a report published by this daily, some Mozambicans, exploiting the volatile law and order situation, are attacking and looting the homes and businesses of Bangladeshis and other foreign nationals.

Mozambique has been experiencing some form of political tensions since its 16-year-long civil war ended in 1992. The latest spate of violence began after the ruling Frelimo party won the October election that the opposition rejected on charges of vote rigging. According to Bangladeshis living there, they could not anticipate that the situation would get so dire. Failing to move to safer locations pre-emptively, they have now become the targets of violence. Many had to leave their homes and take shelter with locals, in exchange for money, to ensure their safety. They also said that local law enforcement is unresponsive to their calls for help unless bribes are paid. Under the circumstances, they wish to return home as soon as possible, but cannot do so as there is no direct flight to Bangladesh.

Most Bangladeshis in Mozambique are small entrepreneurs who initially arrived on tourist visas and later converted them to investor visas. One Bangladeshi national, whose shop was looted along with 10 others, told our correspondent that our government does not have a list of Bangladeshis in Mozambique as it is not considered an overseas labour export market for Bangladesh. There is no diplomatic mission there either. The chargé d'affaires of the embassy in Portugal, which is more than 7,000 kilometres away, is responsible for Mozambique. An official in Portugal stated that they are preparing an area-wise list of Bangladeshis in Mozambique with the help of community leaders, and will send support in case of an emergency.

In light of these developments, we urge the government to explore all diplomatic avenues to ensure the safety of Bangladeshis in Mozambique and facilitate their safe return home. The government should consider coordinating with other countries that are evacuating their citizens from Mozambique to arrange for the safe passage of our nationals. Overall, this situation should serve as a reminder for the authorities to proactively gather data on all expatriate Bangladeshis, not just in known labour markets but across all countries.

THIS DAY IN HISTORY

Lincoln signs Emancipation Proclamation



On this day in 1863, President Abraham Lincoln signed the Emancipation Proclamation, which freed enslaved people in the Confederacy states of the US.

BANGLADESH'S ECONOMIC TRANSITION Lessons from 2024 and prospects for 2025

MACRO MIRROR

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The economy of Bangladesh faced sustained stress throughout 2024, with macroeconomic stability continuing to deteriorate—a trend from the past few years—due to a series of challenges. The first half of 2024 unfolded under the autocratic regime of the Sheikh Hasina-led Awami League government, which systematically undermined the economy through rampant misappropriation of public resources. The interim government, which assumed power three days after the fall of the Awami League regime, inherited a fragile economy plagued by high inflation, declining foreign exchange reserves, stagnant private investment, mounting debt, inefficiencies in public project implementation, and a weak financial sector.

After nearly five months of the interim government's leadership, public expectations for an economic turnaround remain high, particularly regarding issues directly impacting livelihoods. While some positive changes are becoming evident, most economic challenges persist, complicating the path to recovery. Addressing these issues effectively in 2025 will require prioritising urgent actions.

Firstly, to tackle inflation, the new Bangladesh Bank governor adopted a contractionary monetary policy, raising the policy rate to 10 percent. Despite this measure, point-to-point inflation climbed to 11.38 percent in November 2024, with food inflation soaring to 13.8 percent during the same period.

Although monetary policy measures typically take 6-12 months to show results, complementary fiscal policies and enhanced market management are critical. In Bangladesh's current context, inflation must be addressed through monetary, fiscal and market management measures. Due to an increase in the policy rates in recent months, lending rates have increased. This hurts businesses as the cost of funds has increased. Additionally, private investment has been stagnant for about a decade. Small and medium enterprises face a liquidity crisis as they cannot afford costly bank loans. This situation is not conducive to employment generation—a cause for which the students staged a movement back in July. While the interim government has reduced or withdrawn duties on essential items like rice, edible oil, sugar, onions, potatoes and eggs, poor market management has

prevented consumers from reaping the benefits.

The government should take multiple measures to enhance the supply of products in the market. These could include enough government procurement from farmers at a fair price, facilitating farmers' connection with the markets, providing them with financial and technical support to enhance their resilience to price shocks, eliminating rent-seeking and extortions during the transportation of products through improved law and order situation, enhancing supply chain efficiency through better logistics and transportation infrastructure, allowing more importers to enter the market, and extending trade partnerships for



VISUAL: ANWAR SOHEL

importing essential items.

Secondly, the current national budget requires revision to reflect the current economic challenges. Politically motivated and low-priority projects under the Annual Development Programme (ADP) should be postponed to address financial constraints. In view of high inflation, the government should enhance support for poor and low-income households by expanding the open market sale (OMS) of commodities at an affordable price. Support for those affected by severe floods in August and September this year has been inadequate compared to their needs. They should be provided with financial support to recover their losses, at least partially.

The budget for FY2025-26 will be challenging. In view of the high

inflationary trend and limited fiscal space, the next budget has to be contractionary. However, development expenditures cannot be controlled too much since the government has to consider the need for employment generation. The upcoming budget will be an opportunity to make a balanced allocation across all sectors. Health, education, and science and technology sectors should receive more allocations.

Third, the banking sector has been mired in mismanagement and corruption over the past decade and a half. The Awami League government issued bank licences based on political considerations, enabling embezzlement by directors under lax regulatory oversight. The new governor dissolved and reconstituted the boards of 11 private banks, temporarily halting fund mismanagement. However, these banks now face acute liquidity crises. The Bangladesh Bank has provided liquidity support of Tk 22,500 crore to bail out six weak banks. While this measure has been unavoidable in order to meet depositors' needs, it risks further inflationary pressure. The central bank has to take harsh

steps to resolve the structural problems of the banking sector. Though the task is arduous and time-consuming, the country eagerly awaits the recommendations of the three task forces and their implementation to restore discipline and good governance in the sector.

Fourth, the free fall of the forex reserves has stopped in recent months. As of December 24, 2024, the country's gross international reserves stood at \$20.18 billion, following the BPM6 method. As part of a \$4.7 billion loan from the International Monetary Fund (IMF), the Bangladesh Bank has to maintain a certain level of forex reserves following the BPM6 method, an internationally accepted standard to calculate forex reserves. After repeated failure since the loan approval in January 2023, the Bangladesh Bank

was able to meet the IMF target in the June and September quarters of 2024. It is expected to meet the target in December 2024 as well. The remittance flow has increased substantially in recent months. Maintaining this trend in the coming months will require a continued focus on boosting remittance flows and ensuring exchange rate stability. Transparency in currency market operations is essential to sustain investor confidence.

Fifth, Bangladesh's graduation from the Least Developed Country (LDC) status to a Developing Country status in 2026 offers opportunities and challenges. While the transition will enhance the country's global image and attract investments, it also entails the loss of duty-free, quota-free (DFQF) market access, concessional loans, and other benefits. Therefore, Bangladesh must prepare for a smooth transition from the LDC status to absorb the initial shock of losing various flexibilities, including the Generalised System of Preferences (GSP). It must prepare for the GSP-plus facility by achieving various stringent compliances. The government and the private sector should work together to formulate a pathway to overcome the challenges of LDC graduation.

The economic crisis left by the Awami League government is profound, and resolving it will require sustained efforts. A multi-pronged approach involving coordinated efforts across ministries and agencies is essential.

The current law-and-order situation remains precarious, adversely affecting production in industrial zones. Both domestic and foreign investors are waiting and closely monitoring political developments. It is unlikely that significant new investments will occur before the national elections. Therefore, it is imperative for the interim government to present a clear roadmap for the elections, enabling economic stakeholders and partners to plan their investment strategies accordingly.

Equally importantly, the interim government must assert its authority in managing day-to-day governance. This critical responsibility appears to have received low priority amid the focus on drafting medium- to long-term reform agendas. A balanced approach that prioritises immediate governance alongside future reforms is essential for stabilising the economic environment.

Flawed political, social, and economic systems have hindered the realisation of Bangladesh's full potential. While comprehensive reforms across all sectors are crucial, and while the interim government can initiate this process by consulting experts and stakeholders, the responsibility for implementation lies with future elected representatives. The nation watches closely as the interim government navigates these challenges, striving to address present needs while laying the groundwork for a sustainable future.

Comrade Moni Singh and opposing neofascism

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HASAN TARIQUE CHOWDHURY

If you ask a young person in 2024 what fascism is, they may directly answer that fascism means dictatorship. If you ask what Nazism is, some may try to correlate. This is how the traditional narratives—and terminologies—of politics change. In today's Bangladesh, the old form of politics has resurfaced in a new shape. What we're witnessing is 21st century fascism: politics based on some form of supremacy. Where the accountability of the state, democracy and justice are missing. Traditional politics became all about repeating the same rhetoric and idealising personality cults. The ongoing discourse greatly irritated the youth. Party politics and blind allegiance to a party were failing to properly utilise the talents of the youth. So the youth of 2024 put their faith in their own strength. They aimed for the complete renovation of traditional politics.

On the one side, there were the helmet gangsters of authoritarianism. On the other, a student-led mass movement fighting in mortal combat. The state's oppressive forces were swept away like a grasshopper by the tsunami of the people. The power centre of

misrule escaped and survived.

Today's youth must not fall victim to the fallacies of fantasy, fascism and consumerism. That is why it is crucial to understand the aspects of fascism in the 21st century. The trace of Benito Mussolini's fascism of the 1940s cannot be found now. A new brand of bloodthirsty fascism has taken root. But the youth of Bangladesh has not just uprooted this new brand of fascist misrule—they have made the agenda of state reform inevitable. They have demanded we raise our voices—from the hills to the plains, in groups and in communities. The youth have issued a clarion call for inclusiveness.

In the aftermath of the July uprising, I was reminded of the revolutionary Moni Singh, who raised his voice for justice on behalf of the oppressed people of Bengal. In the courtyards of the Hajongs and Bengalis, in the rice fields, he crafted his own weapon to fight the British colonial rulers wielding modern arms.

Moni Singh honed his life of struggle during his youth. Fascism relies on the cult that survives. He struck a great blow at the root of that cult.

At that time, he spoke about a new revolutionary political system, a social system without discrimination—that is, socialism. Standing in front of a leader like Netaji Subhas Chandra Bose, Moni Singh strongly protested against the discrimination towards workers committed by factory owners. If we look at his life of struggle, the brutal image of fascism and state authoritarianism is exposed in every chapter.

Today, in this era of great technological advancement, fascism has not changed its nature. It remains the same—oppressive of the people. It is important to note that today's fascism also uses modern technology and the power of AI to oppress people. The fascism of today's ruling class is therefore old in nature, but novel in its brutal expression. As a result, the face of the popular uprising against it is also unique. The movement is advancing by rejecting the narratives of traditional politics and political party structures. Hence, conventional calculations, thinking methods, and civil society actions stumble here.

The BBC recently cited the opinion of American political scientist Lawrence Britt and his work "The 14 Characteristics of Fascism." This includes continuous promotion of nationalism, human rights abuses, fraudulent elections, corporate interests, benefits for the army,

arbitrary control over the media and more. Remarkably, all these elements are present in Bangladeshi politics, albeit in a renewed form. Farical elections, the so-called "midnight voting," looting of banks and financial institutions, handing over national oil and gas resources to foreign corporations, extrajudicial killings, nepotism, skyrocketing commodity prices and extensive benefits for government officials are all aspects of neo-fascism.

Now, the question is being raised as to whether the uprising has lost its momentum. Traditional politics failed to transform itself as expected. It could not contain the feelings of the masses. There has been no tested philosophy to build a society free from discrimination to guide today's anti-fascist rhetoric. On the other hand, the philosophy of a discrimination-free society was fully embodied before the revolutionary Moni Singh. That philosophy was Marxism, which all forms of fascism have repeatedly attempted to destroy.

Nevertheless, the revolutionary Moni Singh, like a phoenix, has returned to the ranks of the masses. In the guise of a winner, he has started a new level of struggle, in the streets, in the prison.

Remembering him on his 34th death anniversary with utmost respect. Red salute, Comrade Moni Singh!