The Daily Star
FOUNDER EDITOR: **LATE S. M. ALI**



# A chance to correct course for the US

## The implications of its midterm results extend well beyond Washington

The resounding victory of Democrats in the 2026 US midterm elections opens up the conversation on the much-needed checks and balances in American democracy and offers, hopefully, an opportunity to restore some measure of stability to an increasingly volatile international order. Through the ballot box, American voters have delivered their disapproval of President Donald Trump's approach to domestic and foreign policy, on an extraordinary scale. We welcome this outcome as a chance to correct a course that has unsettled the United States' allies, antagonised trading partners, and undermined confidence in the international rules-based system.

Trump's aggressive wielding of economic power through his tariff policy has been unprecedented. Treating trade restrictions as instruments of political coercion, he has repeatedly threatened and imposed tariffs to extract concessions from trading partners and advance geopolitical interests. The resulting uncertainty has disrupted global trade, unsettled markets, and raised costs for businesses and consumers. An analysis of the election results by Reuters highlights how economic discontent, including anger over tariffs and frustrations over the rising cost of living, contributed to the Democratic victory.

Trump's foreign policy has been equally disturbing. The US-Israel war against Iran has disrupted energy supplies and shipping through the Strait of Hormuz, driving up oil prices and intensifying inflationary pressures across economies. Trump has acknowledged the electoral cost of the conflict. Meanwhile, his administration's largely unquestioning support for Israel, despite its genocide and persistent human rights violations in Gaza, has further eroded US credibility as a defender of international law. A Democratic-controlled Congress could help change this trajectory.

**The international community needs a US that respects multilateral institutions, honours its commitments and upholds international law consistently.**

For the past two years, a Republican-controlled legislature has largely failed to challenge the president's exercise of executive power. The new congressional majority can investigate the administration's conduct, scrutinise military engagements, question its trade measures, and use its control over federal spending to demand greater accountability, as the Washington-based think tank Council on Foreign Relations explains. Democrats' control of the Senate also gives them the power to block presidential nominees, including any Supreme Court appointments should vacancies arise. While Trump's executive authority will limit how far Congress can go, a functioning system of checks and balances is itself a significant democratic gain.

The implications extend well beyond Washington. The international community needs a US that respects multilateral institutions, honours its commitments and upholds international law consistently. Whether on Gaza, Iran, Ukraine, climate action or global trade, greater congressional scrutiny could create pressure for restraint and diplomacy. The reactions of world leaders suggest many are hoping for precisely such a change. For Bangladesh, greater predictability in US trade policy and a possible de-escalation of the Iran war would be beneficial, given our dependence on the American export market and imported energy. However, it would be premature to assume that new political arithmetic in Washington would automatically resolve our trade and economic challenges.

Ultimately, this election outcome has presented an opportunity for change. Democrats must use their mandate responsibly, while the administration must recognise that presidential power is not without limits. A more accountable US would ensure a stable global order.

# Fix measles vaccine supply without delay

## Probing past failures is vital, but so is examining present shortcomings

The measles outbreak that has swept through the country this year, killing children and inflicting immense suffering on their families, marks a truly shameful period in our history, particularly because we had all but defeated this disease. As recently as in 2025, there were fewer than one measles case per million people, and Bangladesh was on course to eliminate the disease by the end of this year. Instead, the health directorate has recorded more than 2.34 lakh suspected cases and 1,269 confirmed and suspected measles-related deaths this year, most of them children.

It has taken nearly eight months of this raging epidemic for the government to formally investigate what went wrong with the measles vaccine supply. We welcome the three-member inquiry commission headed by former High Court judge, Justice Mamun Rahman, which will reportedly identify the liability of those responsible between August 8, 2024 and February 17, 2026 and report within 60 working days. But it must not become yet another committee whose findings gather dust.

The interim government directed that half of all vaccine purchases go through open tender instead of Unicef, a process officials had no experience with. Unicef says it warned the health ministry of a looming shortage in at least five letters and at 10 meetings. Why were these warnings not heeded? That is the question the commission must answer. Prof Sayedur Rahman, a key health adviser to the interim government, initially argued that the Unicef arrangement relied on an emergency clause. But a reform that leaves children without vaccines is a serious failure of governance, and those responsible for it must be held to account. While investigating past failures, the government should also take a hard look at its own. The outbreak is far from over, with more than 1,300 new suspected cases still reported daily. The current government deserves credit for its successive vaccination drives, which, however, also came short. But a probe confined to the interim period risks telling only part of the story.

So, we urge the government to publish the commission's report in full and on time, and to keep the process fair so it is not seen as political score-settling. We also need an independent review of the response since February this year, including an honest count of how many children remain unvaccinated. A stable procurement system must also be restored so no administrative experiment can ever leave our vaccine stores empty again. Those children died a preventable death; finding out why that happened is the least we owe their families.

# Why are we struggling to attract private investment despite all the effort?



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Private investment has been one of Bangladesh's persistent economic puzzles. For years, private investment remained stuck at around 23-24 percent of GDP despite repeated investment summits, ambitious plans for economic zones, generous tax concessions for foreign investment, and successive promises to improve the business environment. It has now fallen to around 22 percent of GDP, its lowest level in about a decade. As a result, GDP growth has fallen to less than 4 percent. The deeper question is why businesses remain reluctant to commit investment after years of policies designed to encourage them.

Part of the explanation lies in the gap between announcements and implementation. The business environment has remained unfavourable for investment. Many economic zones have been painfully slow to become fully operational because land development, infrastructure, and reliable utility connections have lagged. The tax system remains fragmented and often distortionary. These initiatives have not produced enough investment, diversification, or technological upgrading to justify their fiscal cost.

The current economic environment makes this weakness more serious. Growth has slowed sharply since the pandemic and, over the past couple of years, has fallen to levels Bangladesh has not experienced in many years. Inflation has remained high for around four years, eroding household purchasing power while raising production costs. Export performance in FY2025-26 was essentially stagnant, although different official series and revisions produce slightly different estimates. Although remittances grew 17.3 percent, supporting the external account and foreign exchange reserves, they cannot substitute for a recovery in productive activity.

Private-sector credit growth has remained below 5 percent for several months, reaching historically low levels. Import demand, particularly for investment-related goods, has been weak. Fiscal space has narrowed. Fuel-price increases and gas shortages add further uncertainty. Substantially more private investment is needed to revive growth, create jobs, raise productivity and diversify exports. Yet firms must make long-term commitments amid weak demand, expensive finance, uncertain energy supply and a less predictable global economy.

Businesses have complained for years about unreliable energy, costly logistics, difficult taxation, regulatory uncertainty, weak contract enforcement, limited long-term finance and poor banking governance. What is different today is how these factors interact with persistent inflation, financial-sector stress, reduced fiscal space, political uncertainty, and weaker demand. Old structural weaknesses have become more binding because the economy has less room to absorb them.

Investment involves committing resources today against returns expected several years ahead. That is why businesses care about whether policies will remain predictable, contracts enforced and assets secure. They can adjust to difficult policies when rules are clear. However, when roadmaps for reforms in taxes, tariffs, energy prices or import regulations are obscure, business planning becomes harder.

The February 2026 election may have removed one source of uncertainty, but political transition does not automatically restore confidence. Businesses continue to watch law and order, political confrontation, institutional stability, and the state's capacity to enforce rules. Mob violence, insecurity, and arbitrary exercises of power carry an economic cost because they affect perceptions of property and business security. Foreign investors compare Bangladesh with competing destinations. Domestic investors therefore postpone expansion.

Thus, lowering high interest rates is not sufficient. Entrepreneurs will not borrow simply if uncertainties as mentioned above remain. Nor can monetary easing provide an easy escape while inflation remains high. Businesses need affordable finance, but premature easing could reignite inflationary and exchange-rate pressures. The banking system makes the problem considerably harder. Years of politically influenced lending, weak governance, repeated rescheduling and poor enforcement against powerful defaulters have distorted capital allocation. Non-performing loans are now around one-third of total loans. When politically connected borrowers receive large loans without adequate scrutiny while productive firms face normal commercial discipline, scarce capital is being allocated badly.

The losses eventually fall on depositors through weaker banks, taxpayers through recapitalisation, responsible borrowers through higher financing costs, or the wider economy through constrained credit. Banking reform is, therefore, central to the investment agenda. Bangladesh Bank's recent proposals to curb family control of private banks and tighten eligibility requirements for directors and managing directors move in the right direction. Yet resistance from bank owners illustrates the political economy of reform. More importantly, broader institutional reforms are still needed to reduce political influence and strengthen banking sector independence.

Taxation presents a similar problem. Bangladesh's tax-to-GDP ratio remains below 7 percent, among the lowest internationally. Yet the burden cannot continue to fall disproportionately on firms and individuals already inside the tax net while exemptions, discretionary treatment and weak enforcement protect others. Businesses can face aggressive tax administration even while aggregate revenue mobilisation remains exceptionally weak.

The tax base must widen, compliance needs to become simpler, discretionary privileges should be reduced, and enforcement made more consistent. Investment incentives, where justified, should be transparent, time-bound and linked to clear objectives. Reforms so far have too often been hesitant and inconsistent, without a credible roadmap for changing the system. Meanwhile, protectionism is rising, US trade policy has become less predictable, geopolitical tensions remain significant, and energy and shipping costs remain vulnerable to external shocks. Bangladesh also faces LDC graduation, while environmental requirements, labour standards and supply-chain due diligence are becoming more demanding. Competitors with better logistics, reliable energy and stronger institutions will not wait for Bangladesh to resolve its domestic weaknesses.

The private sector is not homogeneous. Bangladesh has competitive exporters, SMEs and entrepreneurs taking genuine commercial risks. It also has businesses whose profitability has depended on high protection, preferential finance, tax exemptions, regulatory access or political connections. Policies presented as private-sector support can, therefore, strengthen rent-seeking firms at the expense of productive ones. That also explains reform resistance. Banking reform threatens borrowers who benefited from weak governance. Tariff rationalisation affects industries accustomed to protection. Tax reform challenges groups enjoying exemptions. Competitive procurement threatens firms dependent on privilege. The beneficiaries are concentrated and influential, while the costs are dispersed among consumers, taxpayers and productive businesses.

The government's task is not simply to become more "business friendly", but more friendly to productive investment. That requires restoring law and order, improving policy predictability, repairing banking governance, ensuring reliable energy, reforming taxation, and reducing the anti-export bias in trade policy. Economic zones need functioning infrastructure and utilities, not further announcements.

Implementing reforms even when they confront powerful interests is essential. The practical test is whether an entrepreneur without political connections can expect predictable rules, commercial access to finance, reliable energy, fair tax treatment, and protection of contracts and property. Improving those conditions, rather than adding another layer of incentives, offers the more credible route to reviving private investment.



FILE VISUAL: **ANWAR SOHEL**

# RMG wage revision must be grounded in evidence, not assumptions



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The latest labour unrest in Bangladesh has, quite predictably, produced competing accounts of what needs to be done. This is a tried and tested set-piece: the government wants industrial stability restored, while manufacturers warn of lost orders and rising costs. On the obverse, labour organisations demand substantial wage increases, with rights groups and international institutions offering their own assessments of what workers should earn.

We are now in the second act, as the new RMG minimum wage board has declared that a revised pay scale will be finalised in December and workers will receive their first salary under the new pay scale in January 2027.

The minimum wage for the lowest regular garment-worker grade was set at Tk 12,500 in December 2023. According to data from Bangladesh Bureau of Statistics (BBS), consumer prices rose by 29.5 percent between December 2023 and September 2026. This means that an unchanged wage would now need to be around Tk 16,200 to retain its purchasing power. This calculation is based on the national consumer price index. However, restoring purchasing power would merely return the original minimum to its December 2023 value, without establishing whether that wage was adequate in the first place.

The Power and Participation Research Centre's State of the Real Economy study, based on a nationally representative survey of 8,067 households in 2025, found that urban households earned an average of Tk 40,578 a month against an expenditure of Tk 44,961. That is a monthly shortfall of Tk 4,383. But even recorded expenditure may understate what a household needs. Our culture of "resilience" means families cutting food consumption or postponing medical treatment because they cannot afford it. A wage calculated solely from what people manage to spend risks treating deprivation as an acceptable standard of living.

On the other hand, a living wage lens requires a separate calculation based on the cost of a decent standard of living. The Global Living Wage Coalition estimated a monthly living wage of Tk 30,459 for Dhaka in 2025 and Tk 25,166 for surrounding industrial cities. These estimates assume a family of four supported by the equivalent of 1.58 full-time earners. The International Labour Organization's 2025 methodology sets out how household surveys and local prices can be used to estimate workers' needs. BBS and existing household research provide a substantial foundation which could be supplemented by targeted assessments in garment-producing areas. The Fair Labor Association's October 2026 study examined four Bangladeshi garment factories, so its findings cannot represent the entire industry. But as a signal, average base wages fell below the relevant living wage benchmarks. Even with overtime hours, average earnings remained below those estimates.

To build the basis for meaningful dialogue in place of sloganeering, the wage board should prioritise establishing a current living-cost baseline using an openly published methodology. Assumptions about household size and earners must be clear. Workers' representatives should participate in validating the findings, with the calculations available for independent examination. Concerns raised repeatedly by manufacturers about competitiveness and financial capacity also require evidence.

Aggregate export performance tells us little about the ability of different factories to absorb higher wages. BGMEA and BKMEA could strengthen their case through assessments of labour costs and operating margins across different types of factories. The board must examine how productivity and buyer pricing affect affordability, and publish aggregated findings without exposing commercially sensitive company accounts.

In 2023, the Centre for Policy Dialogue estimated a wage requirement of Tk 17,568 for a Grade-7 worker under the then grading system. Its modelling suggested that an additional $0.07 per garment in purchasing prices could accommodate that wage without reducing manufacturers' profit margins, provided buyers paid the increase. Section 141 of the Bangladesh Labour Act also requires the wage board to consider living costs, inflation, production costs, and employers' business capacity, among other factors. The law gives the board considerable discretion in determining how much weight to assign to each.

Publishing living-cost estimates and the evidence used to assess industry affordability would go a long way towards shifting the debate from rhetorical to methodical. If the proposed minimum wage for RMG workers falls below the estimated living wage, the difference should be disclosed and litigated through public discourse. There is no need to postpone the current revision while conducting an elaborate new survey, as existing research and focused checks of current prices can support an immediate assessment.

At a 2024 discussion organised by the Bangladesh Institute of Labour Studies, researchers called for a dedicated research wing within the Minimum Wages Board. The labour ministry should act on that recommendation and establish a regularly updated, independently reviewable wage baseline.

The new wage board for RMG workers has the opportunity to carry out a reform that extends beyond constitutional metaphysics and into the lived reality of workers' households. It must show its work towards that end.

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