

BANGLADESH: ECONOMIC MIRACLE OR FAÇADE

In the recent years, many analysts in Pakistani media have been glorifying Bangladesh's economic development. Superficial analysis of some economic indicators like export growth, GDP etc. portray a very rosy picture of Bangladesh's economy. However, a detailed review and study reveals the fact that things are not as good as they seem and there are serious flaws in Bangladesh's economic model which need to be revealed before presenting it as a role model for South Asian countries.

J.K Kashan Reddy, ex-Minister of Home Affairs in India, mocked Bangladesh by saying that if today, India offers citizenship to Bangladeshis, then half of Bangladesh will be empty. This was in context of illegal Bangladeshi immigrants in India, which number about 20 million. It should be kept in mind that the economic situation of India brings to notice a sorry state of affairs in that country, where 360 million out of 1.5 billion people can't have two meals a day, 46.8% of the population doesn't even have access toilets. India is the 49th most poor country of the world and if 20 million Bangladeshi immigrants are working there illegally, this points out some serious flaws in Bangladeshi economy which requires deep insight beyond a few selected figures. What is more worrying is the fact that majority of these Bangladeshis are working in the poorest Indian states like Assam, Bihar, Mizoram, Tripura etc. This is more than enough to prove the fact that Bangladesh can't be portrayed as a model for efficient economic management. While no journey, be it in personal life or at a national stage can be perfect, Bangladesh has got things woefully wrong with its economic management which requires some serious insight to make sure that no developing country makes these blunders. Since the economic liberalization done by Bangladesh in 1990s, it has turned out to be an ideal place for business and foreign investment. Foreign investment leads to economic prosperity, but if the government is weak in control and management, it turns out as a tool for exploitation of laborers, workers and professionals and only the enrichment of foreign cartels. As far as Bangladesh is concerned, corruption, mismanagement and poor enforcement of its laws has led to unprecedented exploitation of the local populace by foreign investors. This can be judged by the fact that despite having a robust economic growth and exports of over \$40 billion, 24.3% of Bangladeshi population lives below poverty line (earning less than \$5.5 per day). Number of people living in extreme poverty (earning less than \$1.9) in that country stand around 12.3%, a worrying and staggering number. Rising inequality between the rich and the poor is another concern for Bangladesh, which can be determined by its Gini coefficient (0.482). Gini coefficient, introduced by an Italian economist Corrado Gini, is a tool to measure economic inequality in a country. It is measured on scale from 0 to 1. The greater the number is nearer to 1, more is the inequality. As mentioned earlier, Bangladesh's GINI index stands at a worrying 0.482, compared to India's 0.357 and Pakistan's 0.316. According to a New York research institution Wealth-X, the income of rich in Bangladesh have increased by 17.3%. This, coupled with growing inequality and increasing worker exploitation makes Bangladesh a perfect country for rich to become richer by exploiting the local labor. Bangladesh has turned out to be a textile hub, surpassing Pakistan and giving tough time to India. But things aren't as rosy as they seem. On 2011, Bangladesh gave a 10-year tax holiday to foreign investors, as well as duty free import of raw materials. As a result, a large number of Indian textile industrialists, for avoiding taxes of their own country and a large number of Pakistani textile industrialists (40%), fed up of energy crisis and poor security earlier in the previous decade, moved their businesses to Bangladesh. Bangladesh has a minimum wage of \$95 (compared to \$128 of Pakistan despite having a weak currency), showing the

country's policy of negligence towards poor. Along with this, almost no implementation of labor laws and notoriety of the sub-continent business elite in labor exploitation makes Bangladesh's population poorer while the elite class, particularly foreign investors from India and Pakistan become richer. This phenomenon can't be explained by a superficial analysis of exports, GDP, foreign exchange etc. but a detailed study of economy will bring these facts to light. And as for Bangladesh, there is neither any solution in site nor any will on the part of the authorities to combat this problem.

Another problem with the Bangladeshi economy which is not discussed in media is the money transferred to their native countries by foreign investors, particularly Indians after exploiting the local labor. According to a famous economic magazine named "The Industry News", \$10 billion is transferred from Bangladesh to India annually in the form of legal remittances. This doesn't include the money transferred through illegal means, as Bangladesh ranks 26th in terms of illegal transfer money, detrimental to the local business growth. According to "Global Financial Integrity", a Washington based research institute, \$9.7 billion is transferred from Bangladesh illegally to India and Western countries. This, along-with the economic model tilted me sided towards the upper class is the answer to the fact that why 20 million Bangladeshi workers are working illegally in a poverty-stricken country like India.

The statistics pointed out above tell us that Bangladeshi economy is a classic example of the negative impacts of "trickle down" economics. A strong economy requires proper development of infrastructure, quality education and health services provided by the government and a good startup culture. Though a tech savvy young population gives Bangladesh a decent start-up culture, but like Pakistan and India, it sadly lacks in the provision of infrastructure, quality education and health services from government. Increasing inequality, rising urban-rural divide, poor infrastructure even in major cities like Dhaka and Chittagong, things are worrisome and require a major restructuring surgery is required by the Bangladeshi authorities, which doesn't seem to be happening in near future. The major lesson which comes out from the Bangladeshi economy is that without building strong government institutions, economic liberalization and foreign direct investment will turn your country into a heaven for foreign cartels and hell for the local people