Editor’s Desk

This March 2019 issue of Thinking Aloud has been dedicated to cover the news of the 4th SANEM Annual Economists’ Conference (SAEC) 2019 on "Governing New Challenges: Inclusive Development, Trade, and Finance". The first page article on "Governing emerging development challenges: A South Asian perspective" highlights four major challenges, confronted by the South Asian countries, related to inclusive development, global and regional trade integration, financing development programmes, and politics of development. The article argues that the 2030 Development Agenda has created new opportunities for the South Asian countries to get their development trajectories ‘right’. The second, third and fourth pages present brief summaries of different sessions of the 4th SAEC. The conference started with an inaugural session which was followed by three breakout sessions on "Macroeconomic Policies", "Environment and Climate Change" and "Trade and Development". The breakout sessions were followed by a panel discussion on "Governing New Challenges: Inclusive Development, Trade and Finance – A South Asian Perspective". The breakout sessions 4 and 5 were on "Sustainable Development Goals" and "Poverty and Inequality" respectively. There was a special session for budding researchers. On the first day of the 4th SAEC, SANEM organized a special session to honour the life and work of Professor Wahiduddin Mahmud. The second day of the 4th SAEC started with a SANEM-BIGD session on 'Evidence For Policy: BRAC'S TUP Programme'. This was followed by a session on 'Labour Market and Employment Challenges: A Special Session Remembering Ms. Simeen Mahmud'. There were two other sessions with panel discussion on 'Politics of Development', and 'Tariff Rationalization for Export Diversification in Bangladesh'. In addition to the sessions on different contemporary issues, there was a special session titled 'Honouring Economists of Influence', and a special lecture by Dr. Tanweer Akram.

Inside this issue

Governing emerging development challenges: A South Asian perspective

Selim Raihan

Despite divergence in economic and political trajectories, South Asian countries share commonalities with respect to the urge for governing emerging development challenges in the wake of the new world and regional dynamics. As far as future economic and social developments are concerned, for most of the South Asian countries, there are four major confronting areas, which are related to inclusive development, global and regional trade integration, financing development programmes, and politics of development. With respect to inclusive development, the debate on quantity vs. quality of economic growth is prominent in most of the South Asian countries. While South Asia is now the fastest growing region in the world, with India and Bangladesh registering high and stable growth rates followed by Sri Lanka and Pakistan recording modest growth rates and other countries experiencing unstable growth rates, the panacea over the ‘number’ of growth rate overshadows the importance of the ‘quality’ of economic growth. Despite high economic growth rates, the region hosts more than one-fourth of the world’s extreme poor and inequality within the countries is on the rise. Furthermore, there are genuine concerns of ‘jobless growth’ as the pace of employment generation, in most of the South Asian countries, lags behind the pace of economic growth. Moreover, staggering high informal employment ratio, low degree of ‘decent job’, poor working conditions, and low female participation characterise the labour market of this region. The growth, employment and poverty challenges of the South Asian countries are primarily aggravated by the nature of development strategies these countries have been following over the past decades. These countries have not been successful in rapid industrialization, and few manufacturing and services sectors have been the major drivers of growth with narrow implications for employment generation, poverty alleviation and inequality reduction. Most of these countries face the challenge of ‘premature deindustrialisation’. Also, the lack of preparedness in the context of the 4th industrial revolution can lead to a large-scale job loss. Given the aforementioned longstanding development challenges, the 2030 Development Agenda has created additional pressure on the development task-lists of these countries. However, it can be argued that this 2030 Development Agenda has also created new opportunities for the South Asian countries to get their development trajectories ‘right’. The challenges related to integration with global and regional trade remain critical for the South Asian countries. As far as integration with the global trade and value chain is concerned, there are now emerging pressures, in the wake of growing scepticism in the globalisation and trade integration process, as reflected by Britain’s BREXIT, escalated protectionism in the United States, and trade war between the United States and China. Furthermore, as China is going through a major economic rebalancing, the impact of this rebalancing goes beyond China’s national borders due to China’s integration with other Asian countries through manufacturing, trade and investment links. There are enhanced opportunities for Asian developing countries to take advantage from China’s economic transformation, as changes in China’s supply and demand will have spillover effects on other economies in the region and industries might shift concentration to other countries in the region. However, there are concerns whether South Asian countries have sufficient skills and capacity to take advantage of transferring or emerging industries or develop new businesses to meet the growing demand. While South Asian countries encounter the uphill tasks of diversifying their export baskets and moving into high value-added product space, these countries also have been less successful in extracting the benefits of regional integration and regional value chains. One of the major factors behind the weak regional integration in South Asia is the hostile political relation between India and Pakistan, for which many regional integration initiatives remain hostages.

Financing development goals has been a critical challenge for most of the South Asian countries. Given the changing global scenario, for financing development goals, South Asian countries will have to rely more on domestic sources, and this is, no doubt, a uphill task. The tax-GDP ratio remains low for most of these countries with heavy reliance on indirect taxes and import duties. The patterns of public expenditures on social sectors in this region suggest that, the averages of the shares of public expenditure on education, health and social protection in GDP in South Asia are only around 2.5%, little over 1%, and less than 2% respectively which should be increased to more than 5%, 4% and 10% respectively to meet a large number of development goals. In addition to the social expenditure, the countries need to spend substantially on developing their physical infrastructure, which most of these countries are seriously lagging behind. It is obvious that with the low tax-GDP ratio it is difficult to finance the aforementioned development goals. However, the question is how to mobilize the required amount of resources domestically when these countries suffer from weak institutions and inadequate tax-infrastructure. It is also important to note that a mere generation of resources would not ensure implementation of the development goals if institutional and governance-related aspects are not properly addressed. Finally, there remains a big challenge in getting the priorities in spending ‘right’. One example of the wrong priority is the high spending on military affairs in some of these countries, especially in India and Pakistan, while these countries incur a very low level of spending on social sectors.

In order to govern the new challenges, the South Asian countries require the ‘correct’ politics of development. The past development trajectories of these countries are largely characterized by ‘crony capitalism’ with a high degree of rent-seeking activities, suppressing the elements of ‘developmental states’. Weak functioning of economic and political institutions and the dominance of informal institutions are prevalent in these countries. In the coming days, to implement the development goals, efforts need to be something extraordinary, and strong political commitments are needed to make a significant departure from past practices.

Dr. Selim Raihan. Email: selim.raihan@gmail.com
The inagural session of the 4th SANEM Annual Economists Conference (SAEC) 2019 was chaired by Dr. Baisiq Haque Khondker, Chairman, SANEM, and Professor, Department of Economics, University of Dhaka. The chief guest was Mr. M. A. Mannan, MP, Honorable Minister, Ministry of Planning, Governments of the People’s Republic of Bangladesh. In his opening remarks, Dr. Selim Raihan, Executive Director, SANEM and Professor, Department of Economics, University of Dhaka stated that the objective of the conference is to promote young researchers, encourage them to build their capacity and also to take them to the South Asian young researchers through SANEM’s four new centers - Sustainable Development Goals, Trade, Political Economy and Trade Assessment. The chief guest Mr. M. A. Mannan, MP, Honorable Minister, Ministry of Planning, Governments of the People’s Republic of Bangladesh said that Bangladesh would grow more inclusively as and only when economic growth is higher and also he suggested that Bangladesh should reduce their poverty rate through benefits of extra growth. He also suggested that Bangladesh should utilise the abundant supply of labour and rural areas should be connected through advanced technology.

Dr. Nagesh Kumar, Director of the ESCAP-SMIA, New Delhi and Dr. Birayak Sen, Research Director, Bangladesh Institute of Development Studies (BIDS), Dhaka in their keynote speech, Dr. Nagesh Kumar stated that changes in the world order for economic axes the way for the agendas of Sustainable Development Goals (SDGs) and broadly new world and regional dynamics. As far as the challenges are concerned, Dr. Kumar mentioned that South Asian countries have not been successful in rapid industrialization, and have not been able to catch the opportunity from China's economic growth. Although China's integration with other Asian countries through region and industries might shift concentration to emerging industries or develop new value-added product space, these countries also have transformation, as changes in China's supply and demand have increased. The second distinguished keynote speaker by Dr. Birayak Sen expressed his concern about increasing tax-GDP ratio remains a critical challenge for attaining increasing tax-GDP ratio remains a critical challenge for attaining Sustainable Development Goals (SDGs) and����

Day 1 proceedings of the 4th SANEM Annual Economists Conference (SAEC) 2019 concluded with a dinner programme arranged by Professor Wahiduddin Mahmud, Emergent Economist. SANEM presented Professor Mahmud a memento on this occasion. The programme, Dr. Sayema Haque Bidisha, Professor of Economics, University of Dhaka, addressed a motivational speech to inspire the researchers and academicians so that they can contribute to the field of Economics. SANEM family was honoured to pay tribute to Professor Mahmud’s life and work. Professor Mahmud delivered a motivational speech to inspire the researchers and academicians so that they can contribute to the field of Economics. SANEM family was honoured to pay tribute to Professor Mahmud’s life and work.
SANEM Impact Assessment Centre organized a session on “Labour Market and Employment Challenges” in memory of Ms. Simeen Mahmud. Ms. Maheen Sultan, Visiting Fellow and Head (a.i.), Gender Studies Cluster, BRAC Institute of Governance and Development (BIGD), BRAC University graced the session as chair and Professor Wahiduddin Mahmud, Eminent Economist was present as the special guest. Two papers were presented in this session. The first one was on “Female Employment Stagnation in Bangladesh”, presented by Dr. Sayema Haque Bidisha, Professor, Department of Economics, University of Dhaka. The second paper titled “An Extensive Study of Female Labour Force Participation in Bangladesh” was presented by Dr. Md Shanawez Hossain, Head, Capacity Building and Partnership, BRAC Institute of Governance and Development (BIGD), BRAC University was the discussant for this session. In this special session, Ms. Simeen Mahmud’s contribution to labour market and women empowerment in Bangladesh was remembered. The session ended with a lively open discussion and concluding remarks by the chair.

A session organized by SANEM Centre on Political Economy on “Politics of Development” was held on the second day of the 4th SAEC. The session was chaired by Dr. Rounaq Jahan, Distinguished Fellow, Centre for Policy Dialogue (CPD). Dr. Akbar Ali Khan, Former Adviser of Caretaker Government was present as the honourable chief guest. The keynote presentation was given by Dr. Mirza M. Hassan, Senior Research Fellow and Head, Governance & Politics Cluster. The distinguished panelists for this session were Dr. M. M. Akash, Professor, Department of Economics, University of Dhaka ; Dr. Kazi Maruful Islam, Professor, Department of Development Studies, University of Dhaka; Dr. Shapan Adnan, Associate, Contemporary South Asian Studies Programme, University of Oxford; Dr. Ahmad Ahsan, Director, Policy Research Institute (PRI); Dr. Naomi Hossain, Research Fellow, Power and Popular Politics Cluster, University of Sussex, UK. The session concluded with an interactive open discussion and remarks from the chair.

On the occasion of the 4th SANEM Annual Economists conference (SAEC) 2019, SANEM organized a special session titled “Honouring Economists of Influence” to honour the work of two eminent personalities in the field of research in Bangladesh - Dr. Pratima Paul Majumder, Former Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS) and Dr. Asaduzzaman, Former Research Director, Bangladesh Institute of Development Studies (BIDS). On behalf of SANEM, Dr. Bazul Haque Khondker, Chairman, SANEM, and Professor, Department of Economics, University of Dhaka presented crests to the “Guests of Honour”. Dr. Selim Raihan, Executive Director, SANEM and Dr. Sayema Haque Bidisha, Research Director, SANEM were present as distinguished guests.

Tariff Rationalization for Export Diversification in Bangladesh

The session on “Tariff Rationalization for Export Diversification in Bangladesh” was held on the second day of the 4th SAEC. Mr. Khondaker Muhammad Aminur Rahman, Member (Audit, Modernization and International Trade), National Board of Revenue (NBR), Bangladesh chaired the session. Ambassador Farooq Sobhan, President and CEO, Bangladesh Enterprise Institute was the special guest of this session. Dr. Selim Raihan, Executive Director, SANEM and Professor, Department of Economics, University of Dhaka made the keynote presentation. The distinguished panelists of the session were Mr. Munir Chowdhury, Director General, WTO Cell, Ministry of Commerce, Mr. Syed Nasim Manzur, Managing Director, Apex Enterprise Limited and Dr. Masrur Reaz, Senior Economist and Program Manager, World Bank Group, Bangladesh. The session concluded with a lively open discussion.

e-version: http://sanemnet.org/thinking-aloud/