

## 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 the 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.

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## 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 over 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, staggeringly high informal employment ratio, low degree of 'decent job', poor working conditions, and low female participation characterize 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 deindustrialization'. Also, the lack of preparedness in the context of the 4<sup>th</sup> 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 globalization 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, an 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 large 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.

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**Inaugural Session and Keynote Speeches**



The inaugural session of the 4th SANEM Annual Economists' Conference (SAEC) 2019 was chaired by Dr. Bazlul 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 objectives of the conference are to promote young researchers, encourage them to build their capacity and provide a platform to the South Asian young researchers through SANEM's four new centers - Sustainable Development Goals, Trade, Political Economy and Impact Assessment.



Mr. M. A. Mannan, MP

The chief guest Mr. M. A. Mannan, MP, Honorable Minister, Ministry of Planning, Governments of the People's Republic of Bangladesh stated that Bangladesh would be able to address issues like poverty and inequality now more inclusively with a sustained high economic growth. He also mentioned that Bangladesh should reduce its poverty rate through benefit of extra growth. He also suggested that Bangladesh should utilize the abundant supply of labour and rural areas should be connected through advanced technology.



Dr. Nagesh Kumar

The two distinguished keynote speakers of the conference were Dr. Nagesh Kumar, Director of the ESCAP-SSWA, New Delhi and Dr. Binayak Sen, Research Director, Bangladesh Institute of Development Studies (BIDS), Dhaka.

In his keynote speech, Dr. Nagesh Kumar shed light on the challenges in the world economy for executing the agendas of Sustainable Development Goals (SDGs) and to overcome those challenges. Dr. Kumar also emphasized on the global partnership mentioned that South Asian countries have possible to achieve all the SDGs without the improvement of this region. He also stated that in spite of this growth there are various problems such as infrastructure gaps, sanitation problems, creating decent job for everyone, environmental problems and hunger problems which should be eliminated for achieving SDGs. He also addressed the widening inequality problem in developing countries and emphasized on increasing intra-regional trade.

The second distinguished keynote speaker Dr. Binayak Sen expressed his concern about increasing inequality as a result of increasing growth and emphasized on policy alternatives. He mentioned that nature of economic growth over the last one decade for Bangladesh has been inequality enhancing. Dr. Sen, in his speech, stressed that inequality between rural and urban areas can be reduced through institutional changes.



Dr. Binayak Sen

**Breakout Session 1  
Macroeconomic Policies**



Breakout session 1 of the 4th SANEM Annual Economists' Conference (SAEC) 2019 focused on "Macroeconomic policies". The papers presented in this session covered contemporary macroeconomic issues such as taxation, foreign direct investment, firm-level productivity, fiscal and monetary policy and exchange rate. Dr. Atiur Rahman, Former Governor, Bangladesh Bank chaired the session where four papers were presented and the special guest was Dr. Bazlul Haque Khondker, Chairman, SANEM and Professor, Department of Economics, University of Dhaka. Mr. Umesh Raj Rimal, Tax Officer, Ministry of Finance, Nepal presented the first paper titled "Impact of Double Taxation Avoidance (DTA) Agreements on Foreign Direct Investment in Nepal" and Ms. Nabila Zaman, Senior Lecturer, East West University presented on "Firm-Level Productivity in South Asia: An Empirical Evidence From 7 Countries". Mr. Farhan Khan, Research Assistant, SANEM presented his paper on "Impact of Fiscal Policy and Monetary Policy on Budget Deficit: An Empirical Investigation" and Mr. Mohammad Mohidul Islam, Joint Director, Statistics Department, Bangladesh Bank presented a paper titled "Exchange Rate Movement and International Reserve Position in the Floating Exchange Rate Regime of Bangladesh". Dr. Monzur Hossain, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS) was the designated discussant of the session. The session concluded with a lively open discussion and remarks by the chair.

**Breakout Session 2  
Environment and Climate Change**



Breakout session 2 of the 4th SANEM Annual Economists' Conference (SAEC) 2019 was on "Environment and Climate Change". The papers presented in this session covered different environment and climate change issues. Four papers were presented in this session. The session was chaired by Dr. Posh Raj Pandey, Chairman, South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal. The first paper on "Farmer's Behavior toward Climate Change Adaptation Strategies, Determinants of Climate" was presented by Ms. Farjana Eyasmin, MSS student, Department of Economics, Pabna University of Science & Technology, Bangladesh. The second paper was on "Assess the Effect of Climatic and Adverse Environmental Factors in Aus, Aman and Boro Rice", presented by Mr. Mahmud Al Hasan, MSC student in Agricultural Economics, Bangabandhu Sheikh Mujibur Rahman Agricultural University, Bangladesh. Mr. Nirash Paija, Lecturer, Economics, National Academy of Tourism and Hotel Management, Nepal presented his paper on "Impact of Climate Change and its Contribution to Paddy Rice Yield in Nepal: An Evidence of a Mountainous Country" and Mr. Towhid Iqram Mahmood, Research Economist, SANEM presented his paper on "Is Bangladesh Becoming a Pollution Safe Heaven? A VECM Analysis". Dr. Minhaj Mahmud, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS), Dhaka was the designated discussant of the session. A lively open discussion was followed by valuable remarks from the chair at the end of the session.

**Breakout Session 3  
Trade and Development**



Breakout session 3 of the 4th SANEM Annual Economists' Conference (SAEC) 2019 concentrated on "Trade and Development". The papers presented in this session covered various trade and development issues. The session was chaired by Dr. Fahmida Khatun, Executive Director, Centre for Policy Dialogue (CPD). Dr. Prabir De, Professor, Research and Information System for Developing Countries (RIS) was the special guest for this session. The first paper titled "India-ASEAN Trade Potential: What Determines the Trade Flows?" was presented by Mr. Ashish Gupta, Economics Research scholar, Department of Humanities, Delhi Technological University, India. Mr. Jonaed, Research Associate, SANEM presented the second paper on "Exchange Rate and export in Bangladesh". The third paper was on "Does Federal Funds Rate Affect Other Economies? Evidence from Bangladesh", presented by Ms. Sunera Saba Khan, Research Economist, SANEM. The fourth paper titled "Brexit and Bangladesh: An Exploratory Study on Likely Economic Implications" was presented by Ms. Sherajum Monira Farin, Research Associate, Centre for Policy Dialogue (CPD). Dr. Nazneen Ahmed, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS) provided her valuable comments on the papers before opening the floor for discussion. A lively open discussion was followed by valuable remarks from the chair at the end of the session.

**Breakout Session 4  
Sustainable Development Goals**



Breakout session 4 of the 4th SANEM Annual Economists' Conference (SAEC) 2019 was on "Sustainable Development Goals". In this session, the presenters covered diverse topics associated to the Sustainable Development Goals. Dr. Ewald Rametsteiner, Senior Programme Officer (SP2), Food and Agriculture Organization of the United Nations (FAO), Rome chaired the session where four papers were presented. Mr. Suddipto Mukerjee, Resident Representative a.i., United Nations Development Programme (UNDP) was the special guest of the session. The first paper titled "Drivers of Carbon Emission Embodied in Indian Exports: An Index Decomposition Analysis" was presented by Mr. Sujajit Banerjee, Department of Economics and Politics, Vidya Bhavan, Visva Bharati University, India. The second paper on "Women's Attitudes toward Domestic Violence and Women's Autonomy in Bangladesh and Pakistan: Two-Stage Least Squares (2SLS) Estimation" was presented by Ms. Syeda Samiha Azim, Research Associate, BBC Media Action, Dhaka. Mr. Muntasir Murshed, Research Analyst, Bangladesh Institute of Development Studies (BIDS) presented a paper titled "The Toll of Urbanization on Climate Change in Bangladesh" and Ms. Rafiqua Ferdousi, Research Economist, SANEM presented a paper on "Using Behavioural Economic Research Insights in Public Policy Design: Unlocking a New Horizon of Sustainable Development in Bangladesh". Dr. Muhammad Shahadat Hossain Siddiquee, Professor, Department of Economics, University of Dhaka was the discussant of the session. The session ended with an interactive open discussion and valuable remarks by the chair.

**Breakout session 05  
Poverty and Inequality**



Breakout session 5 of the 4th SANEM Annual Economists' Conference (SAEC) 2019 focused on "Poverty and Inequality". The session was chaired by Dr. Mustafa K. Mujeri, Executive Director, Institute for Inclusive Finance and Development (InM). Three papers were presented in this session. Dr. M. Abu Eusuf, Professor, Department of Development Studies and Executive Director, Research and Policy Integration for Development (RAPID) was the special guest for this session. Dr. Rudra B. Shrestha, Senior Program Specialist, SAARC Agriculture Center, Dhaka and Visiting Professor, Thai Nguyen University, Vietnam and Purbanchal University, Nepal presented his paper on "Agricultural Efficiency and Poverty Reduction: Evidence from Nepalese Vegetable Farms". The other two papers were "Structural Changes and Inequalities in Higher Education Participation in India Evidence from NSSO Data", presented by Mr. Amit Kumar, PhD Scholar, Jawaharlal Nehru University, India and "Challenges of Financing for Inclusive Development: Poverty and Inequality ridden Farm Sector in India", presented by Ms. Meenakshi Rajeev, Professor (Reserve Bank of India Chair), Centre for Economic Studies and Policy, Institute for Social and Economic Change, Bangalore, India. Dr. Atonu Rabbani, Associate Professor, Department of Economics, University of Dhaka provided valuable insights on the papers, followed by a lively open discussion.

**Panel Discussion on "Governing New Challenges: Inclusive Development, Trade and Finance – A South Asian Perspective"**



SANEM SDG Centre organized the panel discussion in pursuance of highlighting the challenges in the context of inclusive development, trade and finance. The discussion was graced by renowned economists from South Asia. The session was chaired by Dr. Nagesh Kumar, Director of the ESCAP-SSWA, New Delhi. Professor Rehman Sobhan, Chairman, Centre for Policy Dialogue (CPD) was present as the chief guest. Dr. Selim Raihan, Executive Director, SANEM was the trigger presenter. In his presentation, Dr. Raihan highlighted four major challenges - inclusive development, trade, finance and political perspective of development. He also discussed about domestic versus foreign sources of funding, tax-GDP ratio and SWOT (Strength, Weakness, Opportunities and Threat) analysis. The distinguished panelists for this session were Dr. Ganeshan Wignaraja, Executive Director, Lakshman Kadirgamar Institute, Sri Lanka; Dr. Dushni Weerakoon, Executive Director, Institute of Policy Studies (IPS), Sri Lanka; Dr. Prabir De, Professor, Research and Information System for Development Studies (RIS), India; Dr. Posh Raj Pandey, Chairman, South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal and Dr. Mustafizur Rahman, Distinguished Fellow, Centre for Policy Dialogue (CPD), Bangladesh. The session emphasized on inequality problems, regional integration, cooperation among South Asian policy makers and technical aid for growth and development. Dr. Nagesh Kumar stated that expanding the fiscal space through increasing tax-GDP ratio remains a critical challenge for attaining Sustainable Development Goals (SDGs). Professor Rehman Sobhan mentioned that we need to look into the fundamental structural problems in the economy and society that cause inequality in order to address inequality in South Asia. The session was ended with a lively open discussion.

**A Session for Budding Researchers**



SANEM arranged a special session for budding researchers on the first day of the 4th SANEM Annual Economists' Conference (SAEC) 2019. This session was comprised of a panel discussion where seven students from different years from the Department of Economics, University of Dhaka presented their research papers. These papers were previously presented at the South Asian Economics Students' Meet, Colombo, Sri Lanka. This session was moderated by Dr. Selim Raihan, Executive Director, SANEM. Professor Wahiduddin Mahmud, Eminent Economist graced the event by his presence as the chief guest. Professor Shamsul Alam, Member (Senior Secretary), General Economics Division, Ministry of Planning, Government of the People's Republic of Bangladesh was present as the special guest. The budding researchers were - Avinno Faruk, Chowdhury Amir Abdullah, Tamana Tabassum, Rafia Nishat, Sheikh Atiya Islam, Ayesha Ahmed and Farhana Kabir. The session was ended by a lively open discussion and remarks by the chair.

**A Session to Honour the Life and Work of Professor Wahiduddin Mahmud**



Day 1 proceedings of the 4th SANEM Annual Economists' Conference (SAEC) 2019 concluded with a dinner programme arranged to honour Professor Wahiduddin Mahmud, Eminent Economist. SANEM presented Professor Mahmud a memorabilia on this occasion. During the programme, Dr. Sayema Haque Bidisha, Professor of Economics, University of Dhaka and Research Director, SANEM talked about Professor Mahmud's life and work. Professor Mahmud delivered a motivational speech to inspire the researchers and academicians so that they can contribute in the field of Economics. SANEM family was honoured to pay tribute to Professor Mahmud.

**SANEM-BIGD Session: Evidence for Policy-Brac's TUP Programme**



SANEM-BIGD organized session on "Evidence for Policy – BRAC'S TUP Programme" was held on the second day of the 4th SAEC. The session was chaired by Dr. Imran Matin, Executive Director, BRAC Institute of Governance and Development (BIGD), BRAC University. The keynote presentation was presented by Dr. Narayan Chandra Das, Senior Research Fellow, BRAC Institute of Governance and Development (BIGD), BRAC University. Dr. Muhammad Shahadat Hossain Siddiquee, Professor, Department of Economics, University of Dhaka was the panelist of the session. The session concluded with a lively open discussion and remarks from the chair.

### Labour Market and Employment Challenges: A Special Session Remembering Ms. Simeen Mahmud



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. Salma Begum, Associate Professor, Department of Economics, North South University, Bangladesh. 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.

### Special Lecture on "Prospects and Risks for the Global Economy in 2019"



Dr. Tanweer Akram, Director, Global Public Policy and Economics, Thrivent Financial gave a special lecture titled "Prospects and Risks for the Global Economy in 2019". Dr. Sayema Haque Bidisha, Research Director, SANEM, and Professor, Department of Economics, University of Dhaka was the moderator of the session. In his lecture, Dr. Akram talked about risk factors for the global economy and technological progress. He stressed that policymakers will need to create conditions to foster strong job growth. The session concluded with an interactive open discussion and remarks from the moderator.

### Politics of Development



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.

### 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 (Customs 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.

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### Honouring Economists of Influence



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. Bazlul 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.

### Snapshots of 4th SAEC 2019

