

ISAS Brief

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Bangladesh in 2018: Challenges and Prospects¹

It is quite possible that 2018 will witness the next general elections in Bangladesh. This paper is a prognosis of how the politics, economics and foreign policy of Bangladesh are likely to evolve in the current year.

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Former United States Secretary of State Henry Kissinger's much quoted prediction in the early 1970s that the then-war-battered newly-independent Bangladesh was on way to becoming a 'basket case' was proven erroneous almost from the beginning. The Bangladeshis were able to press their non-technological resources – their intellectual wherewithal – into their development efforts immediately, their path to reconstruction being charted by a group of skilful and diligent national planners. The birth of the nation had attracted considerable international attention. It was not surprising that aid donors flocked to support this new-born state. What was perhaps surprising was that the country was able to display an ability to

¹ The Institute of South Asian Studies (ISAS) at the National University of Singapore (NUS) has undertaken a prognosis of the eight South Asian countries in 2018. This is both opportune and relevant, given significant developments in the region. Although it requires some crystal ball-gazing, such prognosis is important in providing an understanding of the outlook for each country. This paper is part of a series of nine papers on key development in the eight South Asian countries, namely, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, this year.

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utilise foreign assistance in a way that, before long, it became a ‘donors’ darling’. The machinery of governance it inherited appeared to render a ‘yeoman’s service’, despite appalling challenges of poverty, infrastructural deficit and food shortages.

Eventually, the issues were tackled in a way that the successful model was termed by the World Bank as the “Bangladesh paradox”. Bangladesh opened its economy and introduced reforms even before its large neighbour India. The governments and the vibrant civil society cooperated to produce ideas like micro-credit and non-formal education that helped transform the society in a most positive way. Indeed, Bangladesh set the tune to which much of the developing world began to march. At home, an enthusiastic entrepreneur class performed well enough to miraculously change a totally agricultural-dependent economy to an export-driven manufacture one. Today, it is one of world’s largest garment exporters. The domestic economy has cantered ahead with a growth rate averaging 6.5 per cent for decades. Poverty alleviation has been commendable, spread of education and disease eradication remarkable and, on many counts in social indices; Bangladesh has performed better than many states in South Asia, including in particular, India, and Pakistan.

All that having been said, the problems of Bangladesh that remain are legion. Some of these lie in the inability of this country to reconcile its two component sets of ethical values that define the nationhood – its ‘Bengaliness’ and ‘Muslimness’. These find reflection, largely, though not entirely, in the two current major political parties, the Awami League (AL), representing the first set, and the Bangladesh Nationalist Party (BNP), symbolising the second. This dichotomy, though a simple one, does help explain, albeit in a limited fashion, the national divide. This chasm has for years rendered domestic politics excessively volatile. The ruling AL is led by Prime Minister Sheikh Hasina Wajed (who has cobbled together into her coalition a number of lesser parties) – she is the daughter of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman (assassinated in 1975). The BNP is headed by Khaleda Zia, wife of a former military chief-turned President, Ziaur Rahman. For much of the last two decades, they have been in power alternately. Over time, a situation has come to pass when the two leaders seem to be at daggers-drawn. There is a third force as well, some fear, a burgeoning one, which comprise those harbouring Islamist sentiments. Even if their vote-bank is small, the major parties may end up vying for their support in a situation where the electorate appears pretty much evenly divided.

These issues have now come to the fore, as with the advent of 2018, Bangladesh has entered the last year that the current Hasina government will be in office. The polls are normally due before the first week of 2019, and may, therefore, take place during the current year. Hasina became prime minister in 2009 when the then-caretaker government organised elections that swept her into power with an overwhelming majority. She used the numbers to scrap the ‘caretaker system’. Alleging a conspiracy to rig the 2014 election, the BNP, having organised a street reaction that witnessed considerable violence, boycotted the polls. Its hope that the seeming lack of legitimacy would bring down the government soon fell flat. Indeed, the lack of a parliamentary opposition gave Hasina a free rein that she used to the full extent to consolidate her power. Bereft of a formal platform like the parliament to air its grievances, and denied the streets for that purpose, the BNP found itself marginalised and its leaders, including Khaleda Zia, mired in a sea of legal battles! However, Hasina would naturally want the next elections to be as inclusive as possible with an eye on credibility at home and abroad. Corruption remains a pervasive bane. The Education Minister found himself in hot soup for making an overly candid remark on this score. On her part, Hasina has calculated a series of successful tangible mega-projects this 2018 that could help her bring her ‘boat’ (the election symbol of the AL) ashore. Three projects are mainly in focus.

One is located at Matarbari in the southern tip of the country, which is located in what was once a marshy swamp called Maheshkhali. Hasina is slated to inaugurate a 1,200 megawatt-power plant there on 25 January 2018. A deep sea port, a crying need for the country, will be built there to support the project, which will also be used to supply imported coal and liquefied natural gas to other parts of the interior of the country. The project will be largely funded by Japan (Taka 28,939 crores [S\$4.6 billion] out of a total of Taka 35,984 crores [S\$5.72 billion]), which takes care of the Indian apprehension of any major Chinese involvement in a deep-sea port, a concern that could cause Hasina a modicum of discomfort in an election year when Indian empathy would be welcome.

A second initiative is a prestigious programme, involving the launch of Bangladesh’s first satellite, *Bangabandhu 1*, by the Bangladesh Telecommunications Regulatory Commission. The Taka 20 billion (S\$318.5 billion) project is to contain 40 transponders. Bangladesh will use half and lease out the rest for revenue generation. It was to have been launched last

December but was delayed. In January 2018, Hasina changed the minister concerned, which may be reflective of her urgency in this regard.

The third is the Padma Multipurpose Bridge, designed to connect the two halves of the country. The World Bank withdrew financing of this massive US\$3.8 billion (S\$5 billion) project, alleging corruption on the Bangladesh side. Hasina, rejecting the charges, defiantly vowed to mobilise resources domestically and construction began in December 2014. While it is not expected to be finished before the end of 2020, during the election year of 2018, it is being accorded such fillip as progress to be very visible.

Some challenges will lie on the foreign policy side that will need to be tackled with wisdom and sagacity. One is the need to desist offending the two powerful Asian powers in competition to curry Bangladesh's favour – China and India. The former has promised to pump in enormous quantum of resources, amounting to over US\$24 billion (S\$31.7 billion), into several infrastructure projects in Bangladesh, as a part of its Road and Belt and other initiatives. It is a major source of procurement for Bangladesh's armed forces (including the recent acquisition of two submarines) and, importantly, it enjoys popularity across the Bangladeshi societal spectrum. India cannot match this volume but it did midwife Bangladesh's birth, which many Bangladeshis gratefully recall. However, the overall perception in Bangladesh of the lack of delivery by India on its promises, including on the Teesta water-sharing, and the burgeoning rise of *Hindutva* values have impacted rather negatively on Muslim-majority Bangladesh. Finally, there will be the need to address the Rohingya issue with Myanmar with deft and dexterous diplomacy, taking advantage of the groundswell of favourable international opinion, avoiding an outright military conflict with the neighbouring country, and resolving the problem in a way to win a favourable assessment of the electorate.

These challenges will not be easy to resolve. However, over the years, Hasina has acquired both acumen and confidence that must be combined into capability. This month and the next will doubtless invite some sober reflection, strategising for the future. Her party will need to be controlled, as any fear of losing power held for so long and so resolutely can lead to unruly and fissiparous tendencies. There are already some signs of it. Support from both China and India at the same time, avoiding giving umbrage to either, will require

considerable skill and dexterity. Understandably, she would want to hold the elections with herself in power. However, the mathematics of widening the support base – not just among politicians, but also reaching out to the powerful civil society, bureaucracy and the military – might require a broadening of the catchment area for the Cabinet. There is some talk that she could resort to some kind of a national government which would be designed to advance credibility, at least for a short period, leading up to and perhaps a little beyond the elections. These are but speculations. Inscrutability is the stuff of politics and Bangladesh is no exception.

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