Bangladesh: Challenges and Opportunities

Iftekhar Ahmed Chowdhury

On 26 March 2018, Bangladesh turns 47. The country and its people have undergone many vicissitudes of fortune as they have evolved over time. The past and the present point to the possibility of the achievement of this aspiration. In the past, it has used its foreign aid effectively to reduce external dependence. In social indices, it has achieved remarkable success. Internationally, it plays a role perceived as positive as it has been consistently one of the largest contributors to the United Nations peace-keeping operations. The current Awami League government of Prime Minister Sheikh Hasina has proclaimed a vision to turn the nation into a knowledge-based middle-income country by 2021. This paper is a narrative of its experience as a nation-state since its inception in December 1971. It analyses Bangladesh’s potentials and challenges, and seeks to extrapolate from its past, its future ethos as a nation-state.

1 The Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS), is dedicated to research on contemporary South Asia. It seeks to promote understanding of this vital region of the world, and to communicate knowledge and insights about it to policy makers, the business community, academia and civil society in Singapore and beyond. As part of this ongoing process, ISAS has launched a series of commemorative essays on each of the eight South Asian countries to coincide with their respective national days. The objective is to present a snapshot of the successes and challenges of the countries in South Asia, a sub-optimally integrated region with a globalising aspiration. This seventh essay focuses on Bangladesh which celebrates its National Day on 26 March 2018.

2 Dr Iftekhar Ahmed Chowdhury is Principal Research Fellow at ISAS. He is a former Foreign Advisor (Foreign Minister) of Bangladesh. He can be contacted at isasiac@nus.edu.sg. The author bears full responsibility for the facts cited and opinions expressed in this paper.
Introduction

Bangladesh has achieved remarkable progress across a wide spectrum since its nascence in 1971. Born in a war-battered state, the country did not take long to disprove the contention of Henry Kissinger, the American statesman and analyst, that the country was a ‘basket-case’. Bangladesh was able to effectively utilise the development assistance that poured in support in the initial stages, so much so it came to be known as a “donors’ darling”. Thereafter, it struck out on its own, displaying commendable achievement in certain manufacturing sectors such as garments, despite the age-old tradition of agricultural bias in its economy. It also possesses a vibrant civil society that has helped it produce a number of world-renowned global thought leaders. While a modicum of political instability continued to dog the system, the country was poised to be a member of the ‘next eleven’, in the hierarchy of developing states, which has led some analysts to see it as a ‘paradox’. The nation has succeeded in scoring points on societal issues like women’s empowerment, though more remains to be done. Now it has begun to be known as an attractive destination for foreign investments and a rewarding trade partner for countries around the world. Still, there is no room for complacency. Challenges in terms of poverty, inadequate infrastructure, and certain, largely home-grown, threats of extremism prevail, though endeavours are being made to address them effectively. This article will attempt to trace the story of Bangladesh (the manner of its birth impacts hugely on its behaviour domestically, regionally, and internationally) and seek to analyse how it is tackling these manifold issues while relating to the region and to the world beyond.

The Birth of a Nation State

Bangladesh emerged a full-fledged international actor on 16 December 1971, with the conclusion of the Indo-Bangladesh War at the end of the nine-month-long liberation struggle, bringing to fruition the aspirations of Bangladeshis, led by Bangabandhu Sheikh Mujibur Rahman, the ‘Father of the Nation’. When the British departed following the Partition of India in August 1947, what is now Bangladesh comprised the eastern wing of the country, originally called East Bengal and later East Pakistan. Over time, nationalist sentiments grew within this territory for a variety of reasons which will be analysed, but beginning with
attempts to gain recognition for its mother tongue Bengali or Bangla as one of the official languages of Pakistan. The war for its complete separation from Pakistan actually began following a Pakistani military crackdown in the east, and the incarceration of Sheikh Mujib, by then the undisputed leader of the Bengalis (and also of his party, the Awami League [AL]). A declaration of independence was made on his behalf by Major Ziaur Rahman (later to be President of Bangladesh in 1977 and the eventual founder of the Bangladesh Nationalist Party [BNP]). Sovereignty was achieved with Indian military support in December 1971 and Bangladesh was established as a distinct international identity.

Throughout the period 1947 to 1971, within the structure of Pakistan, apart from the issue of language, a deep sense of economic deprivation provided added fuel to the burgeoning nationalist sentiments.

First, there were complaints about the comparative minimal share of Pakistan central government expenditure starting with the very first Five-Year Plan (1951-1955). Despite having 56 per cent of the population, the East’s development expenditure was only 20 per cent. The share increased in subsequent plans, but even in the plan preceding the war, the Third Five-Year Plan (1965-1971), the amount did not exceed 36 per cent, with private investments amounting to less than 25 per cent.

Second, a much smaller quantum of the immense foreign aid was actually disbursed in East Pakistan. For example, the bulk of the US$3 billion (S$3.94 billion) received from the United States (US) was spent in the western wing.

Third, East Pakistani economists pointed to a massive transfer of resources from the eastern to the western wing of Pakistan since the Partition of 1947. A prominent Bengali economic

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3 The Language Movement of 1951, also known as the Bhasha Andolon, was a precursor of the liberation movement that followed two decades later.

4 As is to be expected, there is a vast body of literature extant on these developments. Two rare recommended for a deeper insight are Rehman Sobhan, ‘Negotiations for Bangladesh: A Participant’s View”, South Asian Review, Vol4, No4 (July 1971), and G.W. Choudhury, The Last Days of Pakistan (London: C. Hurst & co., 1974).


analyst stated that the rural population of East Pakistan was “subjected to a high rate of primitive capital accumulation which was transferred to finance growth of West Pakistan capitalism and industrialisation”.8

Fourth, there was discontent regarding what was viewed as ‘internal colonialism’ perpetrated in East Pakistan by the western wing.9 This was seen to assume three principal forms: (1) utilising East Pakistan’s cash crops, mainly jute and tea, as the major foreign exchange earner and allocating only 25-30 per cent of the earnings to that province; (2) penetration of East Pakistan by West Pakistan-based industry to exploit the former’s raw materials and cheap labour; and (3) use of East Pakistan as “a market for the mother country’s manufactures”.10 These perceptions were not limited to the intelligentsia and the economists, but also spread to the newly emerging East Bengali Bhadralok.11 It included senior government officials, who also played a critical role in the movement for Bangladesh.12

The renowned Indian political analyst Partha Chatterjee has argued that “when there is a perceptible uneven development within the political boundaries of a nation state” and “the lines of division between the developed and the backward regions are perceived along the lines of division of ethno-cultural communities of nationality”, the result is “the growth of separatist national movements”.13 That has been the case with the growth of consciousness among Bengali Muslims that they possess a distinct identity. This awareness spread among them through the colonial period of the British Raj and, subsequently, when they were part of Pakistan, between 1947 and 1971. It sprang from a “sense of alienation…aggravated and strengthened by the awareness of economic differences but with the root in political and

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11 For an analysis of the sociological term bhadralok, literally translated into ‘gentle folk’, particularly in the context of Calcutta in the early 20th century, see J H Broomfield, , *Elite Conflict in a Plural Society* (University of California Press, 1968), pp 5-6. There is a great deal of literature on this category, which is largely seen as a Weberian ‘status group’ than as a Marxian class. The earlier genre of bhadralok were incidentally seen as both as ‘collaborators’ and ‘critics’ of the British Raj.
12 See a seminal work by the current Finance Minister of Bangladesh, who was also an erstwhile senior civil servant, A M A Muhith, *Bangladesh: The Emergence of a Nation*, (Dacca: Bangladesh Books International Ltd., 1978), p 90.
cultural discontinuities”.\textsuperscript{14} Thus was born a country, Bangladesh, where “history is palpably present”.\textsuperscript{15}

**Values Shaping Domestic and External Behaviour**

Thus, when Bangladesh joined the global list of State actors in December 1971, it was as a home which, though preponderantly for Muslim Bengalis in South Asia, was welcoming to the Hindu Bengalis as well, and language rather than religion was the cementing bond. The fact that Hindu Bengalis were a major target for the Pakistan Army, and that they had supported the liberation movement, strengthened links with the majority Bengali Muslims. The new State was the symbol of their consciousness as a nation in their own rights that evolved through past decades including the eras of the British Raj and Pakistan. Indeed, the “justification for Bangladesh’s political independence from Pakistan and (earlier) India… was to be found in the identity of the nation-State as both Bengali and Muslim.”\textsuperscript{16} There was then this “duality of heritage”\textsuperscript{17} that shaped the nation’s behaviour both home and abroad.

Through much of modern history, the Bangladeshi nation evolved by having to deal with the West Bengali Hindu community, now a part of India, and their fellow Muslims in the rest of South Asia, much of the latter eventually becoming Pakistanis. It had taken three Partitions to reach this point: ‘Partition Mark I’ in 1905 when the British rulers hived off East Bengal from Bengal and connected it to Assam, creating a Muslim-majority province. That event resulted in the consciousness, perhaps for the first time, in the minds and hearts of East Bengalis as to their distinctiveness in terms of nationhood (the Partition was rescinded in 1911, largely after severely negative reactions from Calcutta-centric Hindu bhadralok, much to the chagrin of East Bengali Muslims). ‘Partition Mark II’ followed in 1947 when East Bengal was once again separated from West Bengal, this time to create Pakistan. Finally, ‘Partition Mark III’ in 1971 witnessed the birth of a sovereign and independent State, Bangladesh, following the


two and half decades of discontent with the predatory relationship that Pakistan’s western wing imposed on the east.

After 19th century socio-political developments kindled consciousness of a distinct set of interests for Bengali Muslims, the core of Bangladeshi nationhood, their basic strategy in countering threat perceptions from one community, was to strengthen linkages with the other. So, as before, the pendulum would shift from proximity to one (Pakistan now largely representing North Indian Muslims, and India, particularly West Bengal, the Hindus) to the other, depending on where the threats seemed to emanate from. This was not much different from the behaviour of East Bengali Muslims in the past. The difference, however, was that they were no longer part of one larger political entity as during British India, but now comprised three sovereign States – India, Pakistan and Bangladesh. So the ‘pendulum swing policy’ which was once the driving force in a tri-party intramural relationship, became a major determinant of Bangladesh’s regional foreign policy.

In contemporary Bangladesh, the two streams of Bangladeshi nationhood – the ‘Bengaliness’ and the ‘Muslimness’ – found expression in the two major political parties, the AL, led by Sheikh Hasina, daughter of Bangabandhu Sheikh Mujib (assassinated in 1975), mainly, though not exclusively, emphasising the former ethos, and the BNP, led by Begum Khaleda Zia, largely underscoring the latter. Since the Bangladeshis did not perceive either of their two national attributes to be seriously threatened by any regional actor, it encouraged the evolution of a value system that was preponderantly (some marginal examples, notwithstanding) tolerant, secular and inclusive domestically. This, in turn, made the country well poised to play the constructive role as a ‘bridge-builder’ in regional politics, as it did when it initiated the concept of the South Asian Association for Regional Cooperation in the late 1970s and early 1980s.

The traditional Bengali intellectual leadership, spurred by the new-found sovereignty, gave impetus to the growth and development of a very vibrant civil society. There grew a new genre of thought leaders and civil society organisations, impacting not just Bangladesh, but in...
the broad region and also the world beyond. The Grameen Bank and BRAC are cases in point (BRAC is no longer an acronym, as it once was, but the name of the organisation). The non-governmental organisations tended to complement the government’s work, as the capacity of public institutions to reach the nation comprehensively was somewhat limited. A good working partnership enabled cooperation across the sectors of education, disease control, child and mother mortality, family planning, indeed covering the gamut of poverty alleviation. Also, aided by large-scale female employment in the garment industry, and building their socio-economic powerbase through micro-credit and non-formal education, they were able to inspire the recognition that “female empowerment is a reality in Bangladesh”.

**State of Foreign Policy**

In terms of its external behaviour then, the foreign policy of Bangladesh can be said to have two broad aspirations: One, the preservation of its sovereignty and its security, and second, the quest for the mobilisation of external resources (to complement what is effected domestically) for its economic development. The expression ‘aspiration’ is chosen advisedly as against ‘(foreign policy) ‘goals’ as the latter could suggest a deeply thought-through and carefully formulated policy that might not have been the case. The first required space for sufficient manoeuvrability in policy making, particularly as it was a weaker neighbour to a much larger and far more powerful State, India. As Professor Hedley Bull had asserted, “the deepest fears of the smaller units in the global system are their larger neighbours”. Several governments in Bangladesh, however, including the current one, have thought it prudent and rational to play down such “fears”, though a scanning of social media would demonstrate that it has often been very much present in the mind of the common man (or woman).

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The preponderant felt need on the part of Bangladesh was, as a result, having to live ‘in concord with’ but ‘distinct from’ its powerful neighbour. The ‘concord’ was necessary largely due to Bangladesh’s geography, since it was virtually ‘India-locked’, and, hence, any deep discord would be strategically inadvisable. The ‘distinction’ was essential because Bangladesh’s own identity, and its ‘separateness’ from the Indian communities surrounding it, could only be defined in those terms. There was, thus, a large power gap with the neighbour, to reduce which required the building of a web of extra-regional linkages with parts of the globe beyond – the US, Europe, the Middle East, China and Japan. The second aspiration, the quest for external resources that were needed to be satisfied by aid, trade (specially garment exports in which Bangladesh ranks very high globally), foreign investments, and remittances from workers abroad, also meant having to be involved mostly with the same set of countries. In other words, both ‘aspirations’, identified earlier, required Bangladesh to seek a high level of international interactions, often beyond the immediate region. The powerful and burgeoning middle class of Bangladesh also contributes to the high level of external interactions, seeing itself as a part of the horizontal international elite with a wider role to play in the affairs of the world than is dictated by the objective ‘power’ of the country.

This behaviour pattern has some theoretical basis. Of the options a weaker neighbour might adopt on a regional matrix, one is what the Swedish analyst, Erling Bjol, had described as ‘pilot-fish behaviour’. According to this, a fish tends to tack closer to a shark (or at least, as more aptly in this case, a larger fish) in order to avoid being eaten. This extrapolation followed from Bjol’s study of Finland’s relations with the then-Soviet Union. A second option would be to make the smaller state render itself as difficult as possible for any potential adversary to overwhelm it, a policy espoused for Sweden by Prime Minister Tage Erlander during much of the Cold War period. A third option would be what Myanmar (then Burma) has chosen to follow from time to time, which is of ‘opting out’ of the international system altogether. Bangladesh’s preferred policy has been more in consonance

24 Erlander was the Swedish Prime Minister between 1946 and 1969 and was instrumental in Sweden adopting a foreign policy that was ‘neutral’ between the West and the Soviet Union, at the same time, retaining a powerful military capability.
25 Burma, much of the time, also felt the need to ‘adjust’ and ‘adapt’ to its powerful neighbour, China. See Ralph Pettman, Small Power Politics and International Relations in South East Asia (Sydney: Holt, Richardson & Winston, 1976), p 58.
with the second option, with greater emphasis on political deterrence by creating an array of international linkages that would heighten global stakes and interests, and reduce its power gap with its neighbours.

As a weaker player in the international system, Bangladesh favoured the ‘rule of law’ in the global order, buttressing its sense of security, and hence preferred a key role by multilateral institutions like the United Nations (UN).26 In keeping with this policy, Bangladesh emerged as one of the largest contributors to the UN peace-keeping operations around the world. Similarly, Bangladesh viewed the World Trade Organization (WTO) in Geneva as a key trade body, as the country benefited from the greater market access accorded to its burgeoning manufacturing sector (such as garments), thanks to the WTO’s policy of ‘preferential’ and ‘special and differential treatment’ to a recognised list of ‘Least Developed Countries’ (LDCs) in order to create a ‘level playing field’ in global trade. Hence, the active role of Bangladesh in that body, reflected in its inclination to chair many of its committees, including for many years, the group of LDCs. Similar reasons dictated active connections with international financial institutions such as the US-led World Bank and the International Monetary Fund, the Japan-led Asian Development Bank and the China-led Asian Infrastructure Investment Bank, all sources of ‘soft-window’ credit and balance of payment support.

Bilaterally, the closest partners were the US and the European Union (including the United Kingdom), which were markets for Bangladesh’s garments and sources of intellectual and material support. Then there were the countries in the Middle East, including Saudi Arabia and the Gulf emirates, which were not only providers of spiritual sustenance – the Islamic connection – but also hosts to millions of expatriate Bangladeshi workers whose remittances were of huge relevance to the economy. Then there was China, from where the armed forces of Bangladesh procured much of their weaponry, including submarines, and to whose ambitious Belt and Road Initiative Bangladesh signed up, looking for massive doses of infrastructure investments. Finally, there was India, the ‘elder brother’, looming large and powerful on three sides of the Bangladesh border.

26 A rational position for weaker states, as argued decades ago by Professor W Wight in his Power Politics (London: Royal Institute of International Affairs, 1946, Reprinted 1949).
In a way, therefore, the structure of the foreign policy system was held up by five pillars – the multilateral institutions, the West (US/European Union), the Muslim Middle East, China and India. Some of Bangladesh’s external behaviour followed almost naturally from the aforesaid factors. Each of the pillars helps to hold up the system. A natural corollary flowing from this structural arrangement is caution and circumspection. This is derived from the realisation that no key pillar should be needlessly affronted. This ensures avoidance of flashy external behaviour. It is an incentive to act as a member of a wider multilateral body (such as the Organization of Islamic Countries, the UN or the WTO) rather than act alone. So, without offending key players, it satisfies the craving for acting from “a high moral ground”, as evidenced in the frequent public statements of leaders in support of global ‘principled positions’, such as commitment to nuclear non-proliferation, counter-terrorism, or even Palestine (an issue on which there is a broad global consensus). As a consequence, there has generally been a lower profile on ‘high-risk issues’ (North Korea-US conflict), and a higher profile on ‘low-risk issues’ (market access for the LDCs). The policy has stood Bangladesh in good stead even in the case of the Rohingya dispute with Myanmar, where despite the other protagonist being a widely respected figure like Aung San Suu Kyi, Bangladesh has been the recipient of wide international support.

**State of the Economy**

At its inception, there was a ‘socialist’ bias to the economic policy in Bangladesh, in concord with the ideology of the countries that supported Bangladesh’s independence movement. However, there existed a penchant of the policy-makers that ultimately held sway. This was known as a ‘mixed economy’ – a capitalist intellectual tradition strongly influenced by a socially-oriented sense of public responsibility. It was akin to ‘walking on two legs’, allowing the market to play its role, yet casting the social net wide enough to salvage those who have failed to make the grade. That more or less was the philosophical core in the author’s view of the economic policy in Bangladesh, even when it was opened up in the age of privatisation in the early 1990s. Market friendliness was to provide a kinetic fillip to growth, which was deeply influenced by the prevalent mores and values of social responsibility. Foreign aid

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played a key role in development, and Bangladesh let it be known that it expected the international community to take up the challenge of treating it as a “test case for development”. For a while, the old Harrod-Domar model, as practised in Pakistan in the 1960s, continued its predominance. However, rigour was added to the model by complementing it with a multi-sector input-output table and linear programming techniques.

The dependence on foreign aid and imports decreased rapidly from the early 1990s when the economy was liberalised. From raw jute export, the shift to garments, pharmaceuticals and ship-building was swift. Buttressed by remittances from nearly 10 million expatriate workers abroad, private sector and civil society contributions, development of micro-enterprises, and empowerment of women (especially in the garment sector), Bangladesh managed to reduce the share of aid as a percentage of GDP from six per cent in the 1980s to less than two per cent at present. Bangladesh foreign exchange reserves by the end of December 2017 stood at an extremely comfortable level of US$33.2 billion (S$43.6 billion).

While most Bangladeshis still remain dependent on agriculture, the manufacturing and industrial sectors have steadily grown. These include textile and garments, pharmaceuticals, ship-building and breaking, information technology, leather, steel and light engineering. By 2016, Bangladesh had emerged as the second largest apparel exporter in the world. Its market share in the US$503 billion (S$661 billion) global garment share was 5.1 per cent, as opposed to China’s 38.6 per cent, while India and Vietnam’s share was 3.7 per cent. Export earnings in this sector have grown exponentially. From US$9.3 billion (S$12.2 billion) in 2007, they rose to US$28.6 billion (S$37.6 billion) in 2016, and are expected to increase to US$50 billion (S$65.7 billion) by 2021. Employing slightly less than four million workers,

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29 Named after the economists who espoused it, the model, in its pristine form, with assistance from the government at home and friendly States abroad, advocated one of rapid industrialisation under the ownership and control of the rising capitalist class.
31 The Star (Online), Dhaka, 1 January 2018.
mostly women (helping gender mainstreaming in the process), the textile industry unsurprisingly constitutes a powerful political force.\textsuperscript{34}

\textbf{Politics and Prognosis}

The lead-up to elections – and the next one is due around the end of the current year (2018) – has traditionally witnessed violence. However, this time round, it has been unusually quiet – almost eerily so! Prime Minister Hasina’s principal rival, Khaleda Zia (not the formal Leader of the Opposition, as she had boycotted the 2014 elections and, therefore, her party, the BNP, is outside the Parliament) is incarcerated on corruption charges, pending appeal. However, there has not been any resultant political tumult on the BNP side as many had expected. This could be partly because the BNP strategy was one of ‘aggressive non-violence’ so as to elicit public sympathy, or simply because it was unable to muster that kind of political resistance. Be that as it may, it has taken the AL as a bit of a surprise. A ‘non-violent’ opposition movement has not generally been the norm in the Bangladesh political model to date, but if it should become one, it would be to the benefit of all concerned. So far, it seemed likely that the BNP and the other opposition parties would contest the forthcoming elections. So, irrespective of the winner, Bangladesh politics in the years ahead are likely to be more participatory, and, hence, in line with the paradigm of a parliamentary culture.

As such, while Bangladesh is a country of potentials, challenges remain that must be addressed. If that is adequately done, Bangladesh can become a model worthy of emulation by many nations of comparable milieu. The Greek sage Heraclitus had said – and it is an incontrovertible logic of physics, mathematics and politics – that everything is in a state of flux. One never steps into the same river twice. The politics and economics of Bangladesh are no different. The challenge for all is to ensure that the ever-moving stream of Bangladesh keeps flowing in a positive direction. It may not always seem easy but this is not a challenge that cannot be met.