

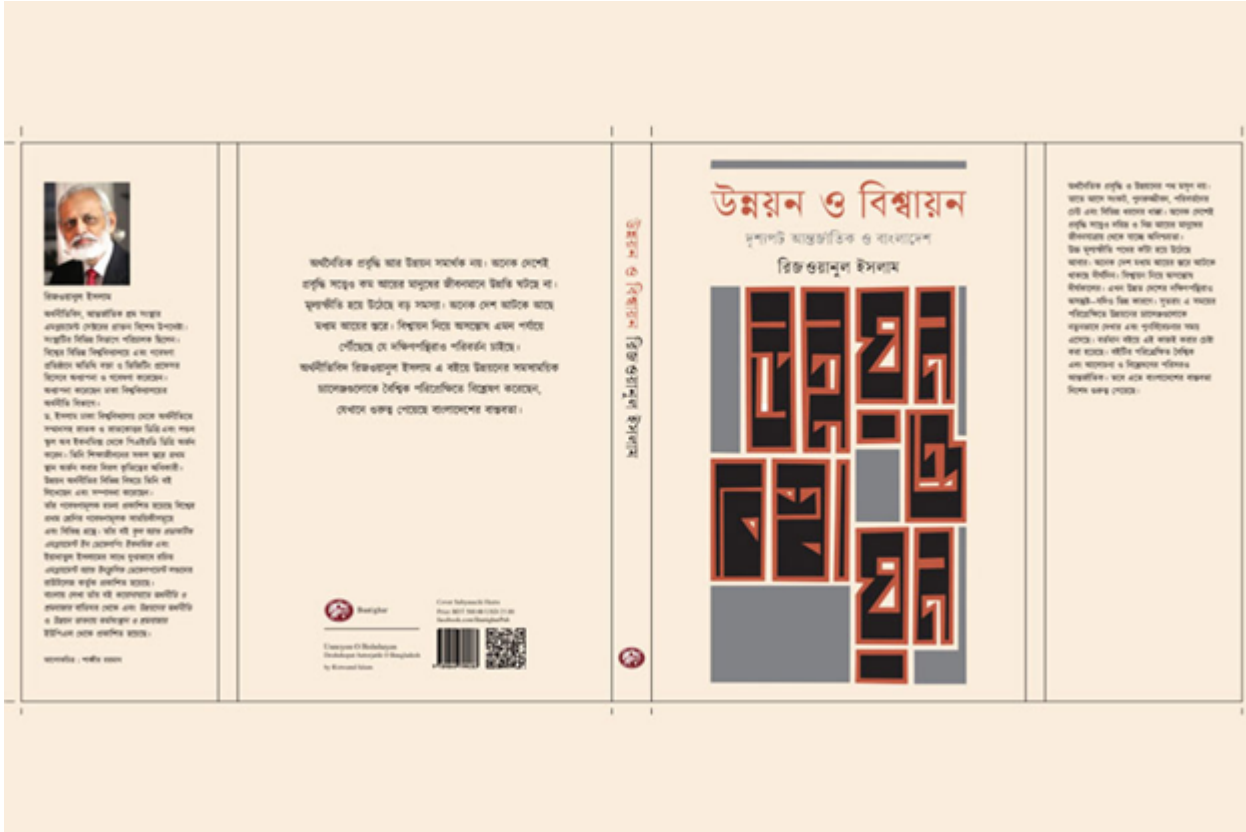


Views on globalisation and development in context

Thursday, Feb 20, 2025

By *Dr. Zaidi Sattar*

BOOK REVIEW



Bangladesh is a beneficiary of globalisation. As a participant in the rules-based-trade order (World Trade Organization or WTO), Bangladesh made remarkable use of its Least Developed Country (LDC) status (with Special and Differential Treatment) to eventually become the second biggest exporter of apparel in the world market. Globalisation opened borders and markets to enable Bangladesh to leverage the world market for propelling export-led growth, a development paradigm that originated in East Asia.

What is striking about globalisation is its efficiency dividends: (a) cost-effective production across the globe brought to consumers via increasingly open trade (e.g. low cost exports from China, Vietnam, Bangladesh); (b) emergence of Global Value Chains (GVCs) – unbundling manufacturing into production of parts and components across borders before being assembled into final products. GVCs prospered throughout 1990-2005, a period of Hyper-globalisation. Globalisation came under heavy critique from the developed economies of the world since the 2008-2009 Global Financial Crisis (GFC). Globalisation has slowed down since then.

Unnyan O Bishhawan

*Drishhapat Bangladesh O
Antorjatic
(Development and
Globalisation: Global and
Bangladesh Perspectives)*
by **Rizwanul Islam**

Price: Tk 500
Batighar, Dhaka.

Globalisation trends are being replaced by protectionism of various kinds, such as Homeland economics, Re-shoring or Friend-shoring, Strategic autonomy, de-risking supply chains, and so on. Current geopolitical trends have resulted in fragmented trade as countries have coalesced into allied BLOCS.

Thankfully, the latest International Monetary Fund (IMF) assessment on global trade showed that in 2024 total global trade was \$30 trillion, well above pre-Covid level of \$24 trillion. IMF's finding is that although trade between Blocs declined, that was duly compensated by rise in trading within Blocs.

It would be in the best interests of Bangladesh to pursue strategic economic diplomacy such that it can avoid picking sides in a highly volatile geopolitical landscape.

On Dr Rizwan's BOOK: Against the backdrop, I am going to express my views on Dr Rizwanul Islam's book titled Unnyan O Bishhawan: Drishhapat Bangladesh O Antorjatic (Development and Globalisation: Global and Bangladesh Perspectives). It is a well-researched compilation of ideas on the globalisation discourse and its relevance for developing economies like Bangladesh. The publication of this book is timely as the phenomenon of globalisation is under stress, particularly when the critique comes from those who engineered the idea of trade openness as a means to lifting incomes across the world, creating jobs, and reducing poverty. I am in general agreement with much of Dr Rizwan's well-articulated case for a reformed globalisation, in which Bangladesh should play its role, rather than watch its demise

from the sidelines.

Following the 1997 Asian Financial Crisis that originated in Asia but shook the world economy, three outstanding books were published by two leading economists of the world, Nobel laureate Professor Joseph Stiglitz and his colleague at Columbia University, Professor Jagdish Bhagwati: Stiglitz (2002): *Globalization and its Discontents*; Bhagwati (2004): *In Defense of Globalization*; Stiglitz (2006): *Making Globalization Work*.

As a book in Bangla, exceedingly well researched, Dr Rizwan's book should be widely used by students and faculty in the universities in Bangladesh, on the subject of globalisation and its implications for development. No other economics book in Bangla can match the quality and theoretical underpinning of the case for a reformed globalization that promotes human well-being alongside a push for economic efficiency and development impacts that come from trade and investment facilitation via globalisation.

Inflation analysis (Ch 4). I agree with the proposition that, in the Bangladesh case, inflation is the result of a combination of demand-pull and cost-push elements. Among the causal inferences, exchange rate depreciation is highlighted as a conduit for rising import prices that contributed to inflation. The point that was missed was that with the depreciation induced rise in import prices there was an equivalent rise (in percentage terms) in tariff rates (already sky high in Bangladesh compared to peers). IMF analysis showed that nearly one-half of the spike in inflation in 2023 was caused by ER depreciation. The scope and chance for downward adjustment of tariffs to reduce inflation has, unfortunately, come and gone.

Middle Income Trap (Ch 5). This is where I differ on the current relevance of the MIT issue. Bangladesh just crossed the Lower Middle-Income Country (LMIC) threshold in 2015, it still has to cross the Upper Middle Income Country (UMIC) threshold, perhaps in the early 2030s. Then crossing into High Income Country status will be another 10 years at least. So not before 2035 (if we are an UMIC) shall we start worrying about MIT, a situation that Thailand, Malaysia, and China are. China is the one country that is about to cross into HIC, with its current per capita income marginally below the HIC threshold of about \$14,000 nominal USD. Thailand and Malaysia have been stuck in MIT for years. Though these economies had stellar growth rates averaging 7-8 per cent for three decades, 1970-2000, those high growth rates have petered out.

Globalisation and employment (Ch 7). the employment implications and issues of wage improprieties have been well documented by Dr Rizwan. My only comment is that globalisation has been an engine of income growth as well as job creation, though in the case

of the latter, there have been divergence in job creation between skilled and unskilled workers, and so on.

Re-globalisation or Reformed Globalisation (Ch 8). I think it is fair to acknowledge that there are winners and losers in globalisation, between countries, and groups within countries. Another factor, the great convergence between developed and developing economies that was playing out over the period of hyper-globalisation, has now become an eyesore to globalisation watchers. China's remarkable progress in trade and technology has caught the eye of the West. The China factor is rattling globalization. Globalisation is in recess, but for how long? The world economy of the 21st century cannot afford to abandon globalisation. A reformed globalisation is what the world needs. I believe a turnaround is in the offing, in the not-so-distant future. The global community is wiser than we think.

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