

Impact of COVID-19 on Bangladesh and path to revive economic growth and development in the context of global changes

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Successive waves of coronavirus took a deadly toll on life in countries worldwide. South Asian countries like Bangladesh, India, Nepal, Bhutan and Sri Lanka firstly imposed lockdown and restrictions on travel. Subsequently, they started reviving their economic activities and opened the door to visiting tourists by scrapping quarantine requirements for vaccinated foreigners. With the gradual change in the situation, countries necessitated bolstering growth and development by opening industries and business operations, adopting the philosophy primarily based on essential factors for reopening the tourism sector in the best interest of their economies.

However, all visitors had to undergo a pandemic test on arrival, and unvaccinated travellers had to remain in quarantine for ten days. Decisions came just as monsoon clouds cleared for the autumn trekking season last year to drive up economic activities ending extended closures. During that dark period, many lost jobs following which their livelihoods were trapped in problems that defy all description. The change of such decisions was crucial for all LDCs and developed ones, but the countries had to decide on deeming positive factors in line with global changes of the COVID-19 situation.

Neighbouring India announced allowing 500,000 free tourist visas to 12.5 million tourists in 2019 to reopen the economy as they lost hundreds of millions of dollars after the shutters came down in March of 2000. Thus, New Delhi firstly started negotiating with international airlines to get scheduled flights resumed from main markets in North America and Europe. Bhutan allowed foreign tourists much earlier through an American who spent three weeks in quarantine. Still, the country had imposed draconian restrictions to minimise the impact of the pandemic, recording only three coronavirus deaths in the population of 700,000.

On the other hand, Sri Lanka allowed vaccinated tourists to enter the country in July without having to quarantine if they tested negative for Covid-19 on arrival.

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The countries in South Asia are highly dependent on tourism, which accounted for some 47 million jobs in 2019, according to the World Travel and Tourism Council. In the context of the changing situation, several South Asian countries took pragmatic decisions in the tourism sector. However, successive waves of coronavirus took a deadly toll on lives and properties.

In the process, the Bangladesh government adopted both short- and long-term plans based on precision and sound vision in the best interest of the country's economic growth and development. Amidst all the doom and gloom associated with the Covid-19 pandemic, some new things have emerged on the economic front as the IMF and OECD have forecast a strong rebound in the global economy. The US economy has attained a robust recovery in the first quarter of the year, marking lacklustre performance from May to April of the current year 2021.

Developing economies, strongly linked to the developed ones, did expect to ride on the tide and get out of the rut seen in 2020. The GDP growth of 8.4 per cent and 6.5 per cent are forecast for China and Vietnam, respectively, in 2021. Whereas Bangladesh, having its focal point to change its economic status, endeavoured cautiously to bypass LDC to attain a developing level by 2026 needed to recover whatever damages during the subsequent pandemic, again exceeding 5 per cent GDP growth (6.1 per cent in 2020-21). Despite adverse effects of the covid-19 pandemic, the projections update presented in April 2021, the World Economic Outlook, the IMF warns of "scarring effects", indicating longer-term damages that various economies might suffer. Thus a vital question arose, whether the economy of Bangladesh would face further danger or not, as noted from a few important broken trends that appeared in the wake of the pandemic. The rising trend of GDP growth after 2012-13 was disrupted in 2019-20.

Bangladesh, after registering continuous and, to some extent, healthy growth performance of the manufacturing sector, output in the sector in 2018-19 was nearly twice that of GDP. The sector would start playing a role similar to prosperous countries like the Republic of Korea and Malaysia. The primary industry, the ready-made garment industry, began experiencing a decline in export growth even before the pandemic hit. Despite some recovery since March this year, total export during 2020-21 is almost certainly going to be lower than that of 2018-19 (the typical last year). It implies that if Bangladesh maintains growth of over 8 per cent, its level of exports of 2018-19 shall have to be achieved in 2021-22, indicating a longer-term challenge ahead in the global context.

Thus poverty appears to have been broken after decades, though there is no official data on the incidence of poverty for 2019-20. The estimates and small-scale surveys conducted by various research organisations indicate that the poverty line has slipped below the threshold. The experience with previous economic crises in developing countries (e.g., in South-East Asia) shows that a return to pre-crisis paths is not always automatic. The surplus labour in agriculture had started to appear to decline due to the transfer of labour to modern sectors, especially

in manufacturing. The movement of labour in the opposite direction seems to be taking place, but the tough challenge now would be to put back on track the process of structural transformation in the labour market.

Large or medium, small or micro-, all economic activities were exposed to the shock inflicted by the Covid-induced crisis. The nature and magnitude of the shock varied between different types of enterprises-- depending on their size and sector. Investments for raising productivity and bringing about improvements in the business usually are not a priority in the current situations and will have implications for long-term competitiveness. Within the worst economic activities under the prevailing crises, the owners/operators are not willing to make any stride for improvement or expansion of their enterprises. However, the government's financial support package includes a component for micro and cottage enterprises and millions of informal operators who run business activities for survival. They cannot be expected to meet the challenges of accessing the formal support scheme. Several studies indicate that many such businesses went out of operation either temporarily or permanently. Many had to depend on loans from informal sources to meet living expenses. When they can return to their standard business path is a question that has important implications for long-term growth.

A couple of recent studies claim that although people lost jobs during periods of shutdown, they were able to get them back once economic activities resumed. That, in turn, might lead one to conclude that the pandemic crisis may not cause any long-term damage to the labour market. But this would be a simplistic way of looking at the issue. Their enterprises or were working in a family business may have gone back to work once they could reopen their businesses.

The situation, however, is quite different for formal jobs, especially for wage- and salary-based work. Depending on the sector one is talking about, workers have been retrenched, and new recruitments have been postponed or stopped altogether. Sectors like education, finance, and a host of support services also have been affected. There is some evidence showing a sharp fall in job announcements through online job portals. In the prevailing situations, the youth, especially those about to enter the labour market, usually bear the main brunt. Research has shown that those who enter labour markets during crises not only find it challenging to get their first jobs but also suffer from long-lasting adverse effects - both in terms of further episodes of unemployment and lower than average earnings during their career.

Scarring effects on the economy and individuals can also occur through what is happening in the world of learning. Educational institutions in the country have remained closed for a very long time, which has multiple implications for human capital development. First, online instructions cannot be a substitute for education based on in-person and direct contact, especially when developing social and other soft skills needed to groom individuals. Second, online education is creating additional mechanisms for accentuating inequalities that already exist in society. Vast numbers of pupils are falling behind because of various factors like

income, access to facilities, location etc. While skill development of individuals is being impaired, this has implications for the economy and society. Disruptions in education and skill development, coming at a time when the economy needs to augment the supply of higher-level skills, can have severe implications for the economy's long-term growth.

To attain the long-term goal set by the government, achieving upper-middle-income status by 2031 and higher-income status by 2041, GDP growth needs to accelerate to 9 per cent per annum. Reducing poverty to 7 per cent by 2031 would also be quite challenging for a country like Bangladesh. The experience of countries emerging from previous economic crises, Bangladesh followed the path taken by Malaysia and Thailand, which were regarded as among the "Asian tigers" in the 1980s and 1990s. The average annual GDP growth of these two countries from 1990-to 96 was 8.7 per cent and 8.3 per cent, respectively. During 2000-17, the rates declined to 4.9 per cent and 3.9 per cent, respectively. The Asian economic crisis of 1997-98 acted as a kind of brake on red hot growth that those countries attained for nearly two decades, and they were never able to return anywhere close to such change in the subsequent decades.

Although there may not be strict parallels between the experiences of various countries, lessons provided by history should not be overlooked. As such, the government of Bangladesh took up some of the critical decisions on the economic front. They considered the possibility of long-term damages that might be caused to the economy and the labour market. Government functionaries adopted strategies and policies to address the deteriorating trend in the national economy. The policymakers had to explore the ways and means for the appropriate methodology to find out the panacea to bounce back. A robust recovery followed this on the socio-economic front within the global crises.

Early during the pandemic, many expected poorer countries to be hit much harder than rich countries. All these resulted in broad agreement that the Covid-19 pandemic has exacerbated inequality within countries. Less frequently noted is the impact on inequality across countries, which has been moving in the opposite direction, owing to the disproportionate effect the virus has had on advanced economies.

As mentioned earlier, experts in the earlier period expected that the pandemic would hit poorer countries much harder than rich countries. In a May 2020 poll of the Initiative on Global Markets' Economic Experts Panel, a majority agreed that the "economic damage from the virus and lockdowns will ultimately fall disproportionately hard on low- and middle-income countries." And policymakers held a similar view, with International Monetary Fund Managing Director Kristalina Georgieva noting in April, "just as the health crisis hits vulnerable people hardest, the economic crisis hits vulnerable countries hardest".

The assumption was that low and middle-income countries would suffer from a lack of public-health capacity and fiscal resources. But the data tell a different story. In a June 2020 paper, the World Bank's Tristan Reed found that cumulative

Covid-19 deaths per million people were substantially higher in high-income than middle-income and low-income countries, even when excluding China. Moreover, the trajectories of the pandemic were remarkably different across countries at different income levels.

According to an update in December 2020, this pattern has persisted: there is a strong positive correlation between income per capita and deaths per million. And though it might be tempting to attribute this finding to a measurement error (deaths may be reported less accurately in poorer countries), the magnitude of the differences is too large to ignore. But later on, the data shown on January 28, 2021, there were 1,323 deaths per million people in the United States and 1,496 deaths per million in the United Kingdom compared to 712 in South Africa (the hardest-hit country in Africa), 111 in India, 107 in Indonesia, 14 in Angola, and seven in Nigeria. Meanwhile, many upper-middle-income countries in Latin America have exhibited mortality patterns similar to those documented in Europe and the US.

Examining the changed situation, global experts viewed that they do not yet have a full explanation for this unexpected pattern. Preliminary evidence suggests that many low-income countries may have benefited from demographic factors (younger populations; lower obesity rates) and trained immunity (in which the innate immune system reprogrammed itself against a disease). But even more surprising is the unanticipated “advantage” that poorer countries have demonstrated on the economic front. As a new paper by the Nobel laureate economist Angus Deaton shows, global inequality has declined due to the pandemic – at least in the short run. During the past year, income per capita fell more in richer countries than in poorer countries, resulting in an unexpected “convergence” between rich and poor. More deaths per million mean not just lost lives but also more significant income losses.

Equally important, this pattern is not driven by China. On the contrary, while a population-weighted measure would suggest that global inequality has increased slightly — because China (no longer a developing country) pulled ahead of others last year – a population-unweight measure that excludes China reveals a marked decline in global inequality. Reduced inequality is usually a welcome development, at least in settings characterised by vast disparities in living standards across countries at different stages of development. And yet, the Covid-19 served as a sober reminder that “how?” matters as much as does “what?” In this case, global inequality declined not because poorer countries became richer but because richer countries became poorer.

This form of convergence has disturbing policy implications. While low and lower-middle-income countries have fared well in relative terms, their outlook is increasingly bleak in absolute terms. Many now face rising debt, slower growth, declining commodity exports and tourism revenue, and diminishing remittances. Moreover, we have yet to see the long-term consequences of a lost year of income and investment in human capital. Millions of children (especially girls) have

missed a year of school, just as millions of women have been deprived of maternal health care and millions more people have been plunged into poverty.

Making matters worse, the nature of this unexpected convergence implies that advanced economies will have little appetite to channel resources toward poorer countries, whether through direct aid, openness to international trade and investment, or debt forgiveness. Preoccupied with rising inequality at home, high-income countries will continue to turn inward, prioritising their own citizens' needs over those of the global poor.

The US and Europe's retreat from the developing world will create an opening for others, but for China, which has already returned to growth. If accessing lucrative Western markets becomes untenable due to rising protectionist sentiment, China-centric alternative initiatives such as the recently signed Regional Comprehensive Economic Partnership may become increasingly attractive to developing and emerging economies. On a more positive note, low-interest rates in the US and Europe may lead to a "hunt for yield", driving capital flows into developing countries. But, if so, these economies will need robust institutions and thoughtful policy to ensure that capital inflows foster widely shared growth and poverty reduction rather than merely enriching a small upper class.

Most importantly, all countries will need to continue investing in their human capital and improving their domestic institutions, resource scarcity notwithstanding. Many improvements are a matter of will rather than budget. For example, strengthening schools is often a matter of ensuring that teachers show up in the classroom and that students have access to appropriate textbooks. Efficient use of available resources and effective implementation will be more critical than ever. With the rich getting poorer, the poor must take matters into their own hands. The year 2020 is associated with the pandemic, and it has become a milestone, described by some as a significant turning point in history. No doubt, 2020 will be over soon, but its memories will stay with us for years and decades to come. The events of the year will provide several stories on surviving the Covid-19 pandemic, to be shared with generations. Besides, the year 2020 is associated with the pandemic, which has become a milestone, described by some as a significant turning point in history. So what will the post-Covid-19 world look like remains a question mark?

Richard Haas, strategist and author of 'The World: A Brief Introduction', notes in his article on foreign affairs that the pandemic will neither reshape history nor create a new world. However, it will accelerate the changes that the world was preparing for or was entering into before 2020. The statements of this expert and other specialists put an end to the speculations that spread in the first quarter of 2020 and that indicated that we are facing a comprehensive and historic revolution in digital trends. It has been said that globalisation will become history and be replaced by a new world order and that humanity will witness comprehensive and massive revisions that will lead to a change in the course of transformations. Global

powers will disappear and be replaced by other forces with their new concepts and systems. Will the world change? Yes, but not in a different direction, but at a different pace.

Humankind has lived through tremendous pressure during 2020. This pressure was sufficient to create strong momentum to accelerate the expected and programmed changes. Sanjeev Khagram, a contributor at The Economist Intelligence Unit of the 'Economist' magazine, believes that today, we are on the threshold of witnessing the further blurring of boundaries between the physical, digital and biological aspects, which are the main characteristics of the Fourth Industrial Revolution. The changes that this revolution brought, for many people, were an image of a far future. There is no option now but to accept it as an urgent and necessary reality. Khagram said that the pandemic has allowed many people to experience digital developments and the effects of artificial intelligence-supported technologies such as robots, drones, 3D printing, industrial and agricultural automation, and their implications on our health and wellness.

What was inevitable in the earlier days becomes urgent for today. Variables that were described as fast are now at full speed. The change is not simple, and it is not easy either. It is only possible for those who choose to engage with challenges and win the battle of designing the future, whether for governments, institutions or individuals. So, have we prepared ourselves for that?

Bangladesh must rediscover 1971 in all its glory to face the challenges by way of a deeper understanding of what our independence struggle stood for. We must follow the principles of Bangabandhu's famous speech on March 7, 1971, where he said, "Ebarer Sangram amader Muktir Sangram; ebarer Sangram Shadhinatar Sangram." Now we want to emphasise that since our struggle in 1971 was more than just political independence, instead the struggle was designed for a fundamental reform of our society, i.e. to liberate us from all our backwardness, prejudice, hatred, incapacities, narrow-mindedness, etc. on the one side, and eliminate poverty and all sorts of discrimination. But with the change of time, we have juxtaposed the very concept of "Mukti Juddho". Tragically, in the real sense of the term, our nation has not been able to bring any fundamental changes to implement the true meaning of the 1971 struggle.

Bangladesh, as a country, is facing an unprecedented challenge in dealing with the post-unemployment problem, despite the steady economic growth over the past few years. According to the statistical index, the employment rate in Bangladesh increased from 3.38 per cent in 2010 to 5.3 percent in 2020. More specially, it jumped to 5.3percentin 2020-the first year of the pandemic –from 4.22 per cent in 2019. A World Bank report published in 2019 revealed that 32 per cent of public university graduates and 44 per cent of private university graduates were without jobs in the country.

A survey by the Bangladesh Institute of Development Studies (BIDS), conducted between February and June this year, found that 66 per cent of the graduates of National University are unemployed, and those (21 per cent) who could manage a job have an average salary of Tk.30,000. Seven per cent are still pursuing post-graduation, and only three per cent have become entrepreneurs. Another survey jointly conducted by the Centre for Policy Dialogue (CPD) and Oxfam in Bangladesh found that 61.57 per cent of working people had lost their jobs in March and April last year due to a Covid-related shutdown. Even though 15 per cent of them returned to work in a month, most remained unemployed for a long time. The poor and the marginalised people faced, and still face, an even higher risk of loss of livelihood.

The pandemic has had a long-term negative impact on women's employment in Bangladesh. A survey conducted by Brac Institute for Governance and Development (BIGD) revealed that one-third of the young working women in the country were out of jobs as of January 2021, when economic activities resumed in Bangladesh. Several reports have shown that, due to Covid-19, income generation among the working class has fallen remarkably, and the economy now has 24.5 million new poor. Besides, our working-age population has increased significantly over the past two decades – from 58 per cent to 68 per cent. About 30 per cent of the population is between 15 and 30 years. If the government trains and employs them appropriately, they can open up new economic opportunities when the country is trapped in crisis following the pandemic. A functional approach to expand the job market, foster economic growth and eradicate unemployment would be to attract foreign and domestic investments in various sectors, which is only possible if we create a business-friendly environment in line with global changes.

Recently, in a ROUNDTABLE on FAST-CHANGING POVERTY DYNAMICS, Issues and Priorities by BRAC, United Nations Development Programme (UNDP) Bangladesh and The Daily Star jointly organised a webinar, which comprehensively dealt with the post-Covid situation of Bangladesh's economy. Mahfuz Anam, Editor of The Daily Star, in his deliberation, categorically pointed out that the Covid-19 pandemic has exacerbated the plight of the extreme poor people in Bangladesh. Since these people don't have representation in the parliament and policy-making forums, it is up to us, the media and the civil society to fight for their issue. The government should direct the same resources it provides to the private sector to this group of poor people. It is not philanthropy and hand-out but an essential part of the development process. If we subscribe to the motto of the SDG's-'leave no one behind '- then we would see that this is the right time to take such an initiative. As a media house, we will provide all kinds of support to make that effort successful, he assured. Many other intellectuals of varied areas, on occasion, critically analysed the issue from their angle marked by a wide-ranging mission and vision to deal with the situation in line with changes across the globe.

Earlier, many eminent scholars, like Serajul Islam Chowdhury, Salimullah

Khan, Syed Manzoorul Islam and others, many a time, identified the absence of democratic politics in line with the real spirit of our Liberation War. They also determined that the nation has not been able to bring any progress not only in youth unemployment but in many areas in every social stratum. Besides, the disappearance of an active civil society and societal disengagement and cultural vacuum has deepened further with time. All those are the underlying causes of the rise of communal forces in a country like Bangladesh. But these vital issues have never been considered with seriousness and urgency by our policymakers and cross-section of political leaders in the country.

In the context of the above, there is no doubt that Bangladesh has made considerable progress on the economic front. However, these gains have come at a high cost to our democratic rights and freedoms and the cost of a widening rich-poor gap. That is why our economic progress, though substantial as it is, has not led to a more profound harmony but to more significant dissonance, part of which gets expressed in attacking minorities. It should not have escaped anyone's attention that those participating in the attacks on minorities mainly were youth.

Many intellectual analysts believe the role of civil society (the Bangla term for civil society is "Shushil Samaj") and the present leadership, with the help of some partisan intellectuals, have turned the word "shushil" into one of ridicule, mockery, and near hatred. It has become almost like abuse to be called a member of "shushil Samaj."

According to them, societal disengagement is also sadly proper as we no longer seem bothered enough to take up social causes and fight for them as our own. Though, these are to be judged against two instances in which mass outpouring was most brutally suppressed—the road safety movement and the quota movement—sending a clear message that mass participation in social causes will not be tolerated, resulting, among other factors, into the citizens' disengagement that Prof Manzoorul Islam has referred to.

As for the absence of cultural activities, we need to think deeply about what happened in this area. Our cultural heritage was one of the principal weapons in our arsenal to fight the Pakistani domination and its army. If we underline the particular importance in a broader sense, we find the near-total disappearance of cultural activities at the village level. This absence of cultural activities—and we are not talking about government-sponsored ones, but those that emanate from people's spontaneous participation—has deprived our youth of their heritage, sense of identity and pride. All these allowed the entry of nefarious influences to fill the vacuum, the most dignified analysts believe.

The Bangladeshi nation, facing various challenges today, requires broader unity among the people, especially involving the political parties, cultural organisations, youth, and civil society. Besides, the NGOs, the media, and people of all views and beliefs shall have to be more conscious, as such mass awareness campaigns are the prime need to 'cross the long dark tunnel to see the light at its end'. This is

necessary because Bangladesh was born based on broader expectations of millions who laid down their lives in 1971.

The political leadership comprising the entire political spectrum, government functionaries and intellectuals in varied areas of the societies have to build up greater understanding to bring back the real spirit of our Liberation War to build up Bangladesh society and the nation as a whole, to march the country in line with the global changes. But all sections of the society shall have to understand the real meaning of Economic development. According to Economics theory, growth increases the country's total production. Still, development means equally distributing or diffusing the country's whole produce to all citizenry in all strata of the society.

Bangladesh has increased its GDP, but the benefits have not been distributed equally among people. That is why large-scale inequality exists in Bangladesh society. According to economic analysts, a smaller section of the people has become the owner of the country's wealth, and millions of people live in poverty in different strata of society.

The most critical factors are Bangladesh's sustainable development, efforts to move from the LDC category to Middle income and Developing country by 2026; as such, the country shall have to continue strenuous efforts not only to increase GDP instead the government has to efforts to ensure distributive justice and balanced Growth and Development in line with global changes. That is the panacea for a country like Bangladesh so that all citizenry can enjoy the fruits of development enshrined in the Constitution of the Republic.