GLOBALIZATION AND EMERGING ECONOMIES: FOCUS ON BANGLADESH

Ariful Hague
Yamaguchi University, Japan

Abstract: As a new buzzword, globalization as well as its proponent, the World Bank and other capitalistic developed economies have been dominating the world since the nineties, and throwing an immense challenge to the developing economies. Bangladesh has been struggling to cope with this process since its beginning. Due to political instability, weak democracy and lack of strong institutions, it could not achieve economic success, while similar economies already surpassed it as some countries could utilize the opportunities of globalization and could raise their level to a certain stage. Key questions therefore emerge, namely why Bangladesh could not achieve the expected growth and what opportunities it can utilize immediately. This paper tries to find out the reasons of failure so far by making comparative analysis with other economies and explore possible opportunities for Bangladesh.

INTRODUCTION

It is usually said that “We live in a Global Village.” as this term is in frequent use. Over the past decades, globalization has become a new world order, which virtually influences everything what people think. Developing countries like Bangladesh are now looking at globalization to boost their economies. However the increasing role in policy making played by the western dominated institutions such as the World Bank (WB), International Monetary Fund (IMF), and the World Trade Organization (WTO), has locked developing countries in a much more disadvantageous position compared with the developed countries. However, an investigative look at globalization will show that it has both positive and negative impacts on the economy of Bangladesh. A clear understanding of the effect of globalization is required to utilize its advantages to strengthen its economy. This may also help Bangladesh maintain a balanced growth even in the face of likely economic hazards. Consequently this paper tries to explore both negative and positive impacts of globalization in Bangladesh from different perspectives. It also examines the measures needed to overcome the negative impacts and also the ways to exploit the opportunities created. Finally the paper recommends some workable suggestions for Bangladesh to meet the challenges of globalization.

OBJECTIVES OF THE STUDIES

The main objectives of the study are the following;

1. To examine the impact and challenges of globalization in Bangladesh
2. To explore the potential opportunities of globalization in Bangladesh
3. To suggest workable recommendations for Bangladesh to cope with the globalization process

SCOPE AND METHODOLOGY
The study is a theoretical one and secondary data has been used in this study. The data has been collected from various books; reference journals, seminar & working papers, local and foreign articles, national and international newspapers and websites of relevant organizations. Different graphs, and tables are used in this paper in support of arguments regarding the prospects, challenges and threats of globalization for Bangladesh.

GLOBALIZATION: CONCEPT AND DIMENSIONS

The term globalization is very common and popular currently. It is used so frequently that it has become a buzzword. The Oxford dictionary has incorporated the term 'globalization' in 1962, but it has been popularized during the last quarter of the 20th century, at the advent of microcomputer revolution, growth of Internet in the communication domain. Globalization refers to widening, intensifying, and speeding up and growing impact of worldwide interconnection in all spheres of people's lives, i.e. the economic, social, technical and political and cultural. It can be perceived as a century long process tracking the growth of civilization that has speeded up in the last 50 years. “However, the current era of globalization is different from any that the world has seen because of single global economy that transcends and integrates all major economic regions. Besides, in technological front, booming of satellite media, rapid expansion of mobile communication and the birth of borderless cyberspace have added a unique dimension to the modern concept of globalization”(Kabir, 2009). Through extraordinary development and pervasive growth of communication technology, the mutual, regional connectivity of the world has reached at a point where it can be reasonably claimed that “we are now in the global village.” The concept of globalization is multidimensional. Societies are continuously pursuing efforts to integrate themselves for the sake of people’s interest. The process and activities of integrated and created interdependence globally is called globalization. Therefore, globalization can be defined as the on-going economic, technological, social and political integration of the world. This integration has been increasing day by day. “Globalization indicates integration of the economics and societies to certain common norms that result in increased trade flows, movement of capital and labor, services and ideas beyond the national boundary. This results in a flow of information, dissemination of technology and an open and uniform code in trade and related matters (Haque, 2007). Globalization also brings changes in values and cultures."Globalization occurs when an organization extends its activities to other parts of the world, actively participates in other markets, and competes against organizations located in other countries" (Holton, 1998 p.36).

Tom G. Palmer (2002) defines globalization as "the diminution or elimination of state-enforced restrictions on exchanges across borders and the increasingly integrated and complex global system of production and exchange that has emerged as a result.” The extent of integration of a country can be assessed with the help of “Globalization Index” into the global economy. The index consists of a combination of about a dozen variables, including the percentage of trade as a share of country's gross domestic product (GDP), inward and outward Foreign Direct Investment (FDI), income payments and receipts as shares of GDP, the number of minutes of international phone calls, and the number of travelers per capita, the percentage of population with internet access, and the number of internet hosts and secure servers per capita.

Globalization has various aspects which affect the world in several different ways. In the industrial, financial and economic aspects, the emergence of worldwide production markets and broader access to foreign products for consumers and companies can be seen, particularly movement of material and goods between and within national boundaries. International trade in manufactured goods increased more than 100 times (from $95 billion to $12 trillion) in the 50 years since 1955. The volume of trade increased 27 fold between 1950 and 2006, three times more than the growth in global domestic product (WTO, 2007). With the growing of financial structures, the instability of the global financial infrastructure dramatically increased, as
evidenced by the financial crisis of 2007–2010. The interconnectedness of these markets, however, meant that an economic collapse in one area could impact other areas. Global trade and economy have been increasing competition in a global job market crossing the national boundaries. Politically, the United States is enjoying a position of super power, in part because of its strong and wealthy economy as well as military power. China has experienced some tremendous growth within the past decade. If China and India continue to grow at the rate projected by the trends, in the next twenty years, there may be a major reallocation of power among the world leaders.

English has become the "lingua franca" or common means of communication all over the world. According to Wikipedia, about 35% of the world's mail, telexes, and cables are in English. Through the free movement of people, London, New York, Sydney and few other cities have become city of considerable diversity. Cross-cultural activities have increased with diverse taste of lifestyle. The dominant global culture is threatening to change indigenous culture and the rise of non-governmental organizations as main agents of global public policy is a new phenomenon. Sports like the FIFA World Cup, ICC world cup, and the Olympic Games are also integrating people. Development of an Information System, telecommunications infrastructure and greater trans-border data flow through the Internet, communication satellites, submarine fiber optic cable, and wireless telephones, has made the world borderless. In almost all aspects, regional as well as global organization can be found.

GLOBALIZATION AND EMERGING ECONOMIES

Emerging economies are generally known as the largest, wealthiest, and fastest growing of the developing countries. These are typically economies in transition, moving from a closed to an open economy, undergoing far reaching economic reforms through integration into the world economy. Their growth factors are the use of new energy, telecommunications, and information technologies as well as rapid industrialization. China, for example, is already moving away from low skilled manufacturing to other locations e.g. Vietnam, Bangladesh, and the Philippines. In the past five years, China, India, and Russia, together with other fast growing economies have averaged almost 7 percent growth compared with the industrialized countries’ 2.3 percent. It is expected that by the middle of the new century, Russia, India, China, and Brazil together could be larger than the combined economies of the United States, Japan, the United Kingdom, Germany, France, and Italy. China has already surpassed Japan in being the world’s second largest economy and could surpass the United States by 2050. In the 1980s, the emerging economies were mainly the “Asian Tigers” and some Latin American countries. In recent years, Brazil, Russia, India, Mexico, and China, known as BRIC or BRIMC, are viewed as the primary emerging economies. Other countries include Mexico, Argentina, South Africa, Poland, Turkey, Indonesia, Chile, and South Korea. Due to their rapid growth, the United Arab Emirates, Chile, Malaysia, Vietnam, Bangladesh, and the Philippines form the next wave of emerging markets. "Global Growth Generators", or 3G (countries), is an alternative classification determined by Citigroup analysts as being countries with the most promising growth prospects for 2010-2050. These consist of Indonesia, Egypt, seven other emerging countries including Iraq and Mongolia.

A large number of research works are in progress at leading universities and business schools to study and understand various key aspects of Emerging Markets. “Emerging Markets as Partners, Not Rivals,” reported in The New York Times on February, 2011. Free trade across borders will leave in its wake some immediate losers, but also citizens who gain from such trade gain much more than the losers lose. On a net basis, therefore, each nation gains over all from such trade.
A "super-cycle" of historically high growth is predicted by Lyons, chief economist and group head of global research in London for Standard Chartered and his colleagues. It will last at least a generation and will be led by booming trade, investment and urbanization. Talk of a super-cycle gets little support from Joseph Stiglitz, 2001 Nobel laureate. He contends that globalization and free trade may be stymied by unemployment in rich nations and the risk that more of these countries' jobs will be lost abroad. The U.S. jobless rate has remained above 9 percent since May 2009. Stiglitz points out "If you work in emerging markets, you feel the energy. If you are in the U.S. or Europe, you see the numbers and it's hard not to feel depressed." published in the Bloomberg News on Jan 24, 2011.

According to Standard Chartered, the Chinese yuan, Indian rupee and Korean won will appreciate on strengthening domestic growth. Developed nations also will benefit as their emerging-market counterparts invest more abroad, hire more of their workers and rely on their expertise in areas such as financial services. Both the U.S. and European Union will enjoy an average trend growth of 2.5 percent through 2030, compared with the 1.9 percent and 1.7 percent he forecasts for this year. “It's a win-win situation.” The increasing integration of China and other developing economies will boost commerce and investment worldwide. This is also supported by Edward Prescott, a senior monetary adviser to the Federal Reserve Bank of Minneapolis who shared the 2004 Nobel Prize for analysis of business cycles and economic policy. According to Jim O'Neill, Goldman Sachs Asset Management Chairman, the "BRIC" economies have positive impact beyond their borders, with Chinese imports totaling about $400 billion, almost the equivalent of South Africa's economy last year. "World-trend economic growth is being lifted". In his view, “The notion that BRICs benefit at the expense of others is increasingly out of date.” The relative importance of the BRICs and G7 for the global economic landscape has changed at a rapid and dramatic pace, particularly in terms of growth. Between 2000 and 2008, the BRICs contributed almost 30 percent to global growth in US dollar terms, compared with around 16 percent in the previous decade. The report mentions, “At the same time, the G7's contribution has fallen from over 70 percent in the 1990s to just 40 percent on average during the current decade. Also although the advanced economies together still contribute more than the BRICs on this 2000-2008 average measure, since 2007 alone China has contributed more than any of them, including Euroland". The next phase of globalization, increased trade among emerging countries, means by 2050, global output will have trebled and average annual growth will accelerate toward 3 percent from 2 percent in the last decade, with emerging markets contributing twice as much to the expansion as the developed world according to London based HSBC Holdings. John Hawksworth, head of macroeconomics at Pricewaterhouse Coopers argues, a bloc of seven leading emerging markets, including India and China, will be 64 percent larger than the current Group of Seven by 2050 at market-exchange

<table>
<thead>
<tr>
<th>Table-1: GDP of some countries</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Recent Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6 7</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>6.0</td>
<td>6.6</td>
<td>6.4</td>
<td>6.0</td>
<td>5.9 6.0</td>
</tr>
<tr>
<td>China</td>
<td>10.4</td>
<td>11.6</td>
<td>12.0</td>
<td>9.0</td>
<td>8.5 9.0</td>
</tr>
<tr>
<td>India</td>
<td>9.2</td>
<td>9.8</td>
<td>9.3</td>
<td>7.3</td>
<td>8.4 6.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.3</td>
<td>5.8</td>
<td>6.2</td>
<td>4.6</td>
<td>-3.6 2.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>8.4</td>
<td>8.2</td>
<td>8.5</td>
<td>6.2</td>
<td>-4.6 5.3</td>
</tr>
<tr>
<td>Economy of Developing Asia</td>
<td>9.7</td>
<td>9.8</td>
<td>10.6</td>
<td>7.6</td>
<td>6.2 7.3</td>
</tr>
<tr>
<td>Emerging &amp; Developing Economy</td>
<td>7.1</td>
<td>7.9</td>
<td>8.3</td>
<td>6.0</td>
<td>1.7 5.1</td>
</tr>
<tr>
<td>Developed Economies</td>
<td>2.6</td>
<td>3.0</td>
<td>2.7</td>
<td>0.6</td>
<td>-3.4 1.3</td>
</tr>
<tr>
<td>The World</td>
<td>4.5</td>
<td>5.1</td>
<td>5.2</td>
<td>3.0</td>
<td>-1.1 3.1</td>
</tr>
</tbody>
</table>

Source: World Economic Outlook (WEO), October 2009, IMF
rates, compared with 36 percent smaller today. "There is a shift in economic power from West to East."

Analysis shows a tripartite global economy, with growth in the developing countries of Asia running at more than 7 percent, growth in Japan and most of Europe remaining painfully sluggish at below 2 percent, and with the United States falling somewhere in between. These wide disparities seem to be highly unstable. Although developing countries are beginning to shift toward selling more goods and services to their own populations, they remain highly dependent on sales of manufactured goods to wealthy nations burdened with debt and caring for aging populations. Moreover, some of the recent growth in developing countries results from a surge of foreign capital flowing into those nations. In the new Brookings Institution report "Poverty in Numbers: The Changing State of Global Poverty from 2005 to 2015," this is shown by how the global poverty landscape has changed with the emergence of developing countries. It is also estimated that between 2005 and 2010, nearly half a billion people escaped extreme hardship. Never before in history have so many people been lifted out of poverty in such a short period. The U.N. Millennium Development Goals target was of halving the rate of global poverty between 1990 and 2015; however this was probably achieved much earlier by 2008.

TWO FACES OF GLOBALIZATION: GOOD OR BAD?

Any generalization on the impacts of multidimensional phenomenon “globalization” would be erroneous. Thomas L. Friedman has examined the impact of the "flattening" of the world, and argues that globalized trade, outsourcing, supply-chaining, and political forces have changed the world permanently, for both better and worse. The United Nations (1999), World Bank (2000/2001), the IMF (2000) and many left leaning intellectuals such as Prichett (1997) and Stiglitz (2002) have asserted that globalization caused or resulted in increased income, international inequalities and poverty in the poorest developing countries during the recent period of rapid globalization since 1980. We see a bizarre effect of globalization.

Amsden and Hikino(2000) and Tussie(1997) emphasize that developing countries have significant degrees of discretion for autonomous policy formulation, while Rodrik(2001), UNDP(2003), and Wade (2003) depict a considerably more restrictive environment. According to Gary Gerefi (1997), Economic globalization has forged a complex interdependence of nations at all levels of development. The impact of these processes of change in the third world is highly uneven, with some nations improving their position in the global economy and others becoming marginalized from it. Sach and Warner (1995) conclude that open developing countries grew by an average 3.5 percentage points faster than a comparator group of closed economies.

Wacziarg and Welch(2008) demonstrate that the countries that liberalized their trade (raising their trade to GDP ratio by an average of 5 percentage points) enjoyed on average 1.5 percentage higher growth in GDP per year compared with their pre-reform growth rate. With globalization, companies can produce goods and services in the lowest cost location. This may cause jobs to be moved to locations that have the lowest wages, least worker protection and lowest health benefits.

The contemporary global debate on globalization and its multi-pronged impact has a strong echo in the academic and political discussions in Bangladesh as well. After a hesitant start in the mid-1980s, Bangladesh moved decisively to embrace the wave of globalization in the 1990s. Many
researchers contribute globalization to the downfall of the poor across the globe, but it can be pro-poor if a government implements the correct policies and instructions. The policies of economical sectors in developing nations are imposed by western dominated organizations through aids, loans or grants. Ever since, the impact of globalization in Bangladesh has become a disputed issue. It brings changes on the living condition, status of the poor and rural people. The garment sector opens the door of sufficiency to the people who previously lived in a poor condition. The biggest beneficiaries are the women who were deprived from the society. This economic revolution not only creates a skilled sector but also gradually decreased unemployment problems with the empowerment of women. “Foreign investment creates 10,000 new jobs every year in Bangladesh” (Jahan, 2001 p.64). Foreign and export oriented industries are changing the economic and social scenario of Bangladesh which, results in an increase of living standards. Countries negotiate away the negative terms of trade externalities that would be created by the imposition of trade restrictions in partner countries (Bagwell and Staiger, 2002). Though the spirit of globalization is to open the door, “In key areas (notably agriculture, but also others), industrial countries continue to retain trade barriers and a robust case has been made for developing countries to resist pressure to further lower industrial tariffs (Akyuz 2005 and Chang 2005). They gain in making bilateral or regional agreements with the developing countries due to their economic power and clout. (Rodrik, 2004) notes: “Regional or bilateral agreements typically expand the range of disciplines beyond those that are found in the WTO. In particular, the US has pushed for tighter restrictions in the areas of investment regulations, intellectual property protection, and capital account whenever it negotiates a free trade agreement with a developing country.”

Bangladesh has largely benefited from the transfer of technology as it got the opportunity to use modern technology. Modern telecommunication technology computers and the Internet, transportation and online banking connected it to the rest of the world and it is earning foreign currency and creating many new jobs by exporting computer software. However, Mattoo (2003) mentions, “At present, such trade is largely free of restrictions, and this desirable state of affairs should be locked in through the GATS.”

Rodrik(2004) argues that in fact the most serious obstacle to implementing industrial policies comes from bilateral agreement with US in which developing countries ‘voluntarily’ relinquish a relevant part of their policy autonomy. The US is also responsible for the extension of Uruguay Round to trade in services, which includes foreign investment. In the interest of developed countries, the TRIPS agreement has been designed to protect rather than liberalize the access to property know-how.

“The effect is greater difficulty in employing the strategies of reverse engineering and copying that have been so important during the developmental state period”(Amsden, 2000). “This hinders possibilities to catch up for developing countries at least in some sectors”(Nelson, 2004; Cimoli, Coriat, and Primi, Chapter 19) . “Yet some good news may come from new regional and multi-regional trade agreements if they become opportunities to implement larger industrial policy plans” (Rodrik, 2004). “Globalism and free trade may increase pollution and impact on precious fresh water resources” (Hoekstra and Chapagain, 2008). In the social dimensions of globalization, it has not only created unprecedented wealth and resources, but also widened the gap between rich and poor in absolute term. Unfortunately, this growth, coupled with growing urbanization, has led to increasing disparities in wealth between urban and rural areas. Exports have played an increasingly important role in Bangladesh as a proportion of gross domestic product (GDP), they rose from 5% in the 1970s to almost 12% to 1990. In contrast, GDP growth
has been relatively constant at almost 5% since independence. A ‘populist view’ has therefore emerged that “trade liberalization and economic integration has contributed to inadequate progress with industrial development, and sometimes even leading to de-industrialization. Consequently, growth and employment prospect have suffered” (Ahmed and Sattar, 2004). Empirical studies reveal that globalization has already resulted in the extinction of 22,000 indigenous cultures in the past decade and speculate that as many as 90% of the world languages will disappear! This is an alarming message indeed!!

As emphasized by Freeman(2004), only adopting a very long term view in designing and applying industrial policies, well beyond current market signals, is it possible to create a sustained growth process? Questioned by Michele De Maio (2008 ) in Industrial policies in developing countries: History and perspectives “It is undeniable that the contemporary international political economy limit the range of options available to developing countries and it is correct that today’s developing countries are being deprived of opportunities to use many of the policy instruments that more developed countries used at similar level of income”(Chang, 2002). Kenneth C. Shadlen (2005) thinks that developing countries still have the policy making space and legal rights to make strategic interventions that can alter their comparative advantage not just for increasing specialization but for fostering new productive capacities. However, no sensible person can stand against globalization. This is an inescapable reality.

BANGLADESH AND THE “NEXT 11”

Bangladesh is now branded as one of the Next Eleven (N-11) economies identified by Goldman Sachs. This includes Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam. The economy of Bangladesh is a developing market-based economy. According to the International Monetary Fund, Bangladesh ranked as the 48th largest economy in the world in 2009, with a gross domestic product of US$256 billion.

Empirical studies show that N-11 (Next Eleven) countries actually benefited more than the BRICs from globalization, posting the highest improvement among the major groupings, and well above the developing-country average. Macroeconomic conditions, which include gross fixed capital formation and openness, have also improved in the BRICs and N-11 countries. "They have significantly exceeded the developed- and developing-country average in this category,” and Bangladesh was the only country in the BRICs and N-11 where macro stability components improved. Like others, it also benefited from higher mobile penetration, while political conditions took a step back, as mentioned in the report "Long-Term Outlook for the BRICs and N-11 Post Crisis." The report points out, "The main setback occurred in the macroeconomic stability category, which includes inflation, external debt and government deficit. Both the BRICs and N-11 lost out by the same magnitude, far below the declines in developed and developing countries on average”. The prospects of BRICs and N11 can be seen in the following areas;
Global Trade

The BRICs' share of global trade has continued to rise sharply and now stands at 13 percent, almost 2 percentage points higher than two years ago. China accounts for almost two-thirds of the BRICs' share. While the share of the N-11 countries is not rising as fast, these countries are still more important for global trade than the BRICs excluding China. Korea and Mexico together account for more than half of the N-11 trade, while other countries (such as Turkey, Indonesia and Vietnam) are becoming increasingly important too. “Developing countries have increasingly become producers and traders of manufactures. The share of manufactures in total exports of developing countries increased from just 30% in 1980 to some 70% in 2005—almost as high as in high-income countries” (Hoekman and Kostecki, 1995). The N-11 contribution has risen by a modest 1 percent in the last two years to 11 percent. This increase in trade openness and cross-border investment is beneficial to the world as a whole. Empirical research by economists has shown a significant positive relationship between openness and economic growth (Greenway, Morgan and Wright, 2002).

Although the BRICs' aggregate current account remains in surplus, having peaked at over 6 percent of GDP, it has been on a declining trend since 2006 and is expected to fall further to 2.7 percent in 2011. The N-11 aggregate current account swung into deficit in 2008 for the first time since the mid-1990s. Within the N-11, commodity producers Iran and Nigeria stand out in terms of their persistent and relatively large current account surpluses. Other surplus countries include Bangladesh, Indonesia and the Philippines.

Domestic demand is still the largest contributor to real GDP (gross domestic product) growth in most of the BRIC and N-11 countries. In China, both domestic demand and net exports have made positive contributions to growth this decade. Across the N-11, domestic demand has also consistently driven growth in many economies. Indonesia, Iran, Mexico, the Philippines and Vietnam stand out in particular. Korea and Turkey have grown largely on the back of net exports, particularly in 2008. "The contribution from all emerging markets as a whole was over 80 percent (versus the 2000-2006 average of 45 percent). The G7 has only contributed 20 percent in the past two years. On an individual country basis, all of the BRICs and seven of the N-11 (Bangladesh, Egypt, Indonesia, Iran, Nigeria, Philippines and Vietnam) contributed more to world growth in 2007-2008 than from 2000 to 2006. "Investors, always on the lookout for the next big trend, are scouring Asia as the region is home to booming economies, swelling populations and fast-developing markets," an economist commented in the report published in The Daily Star on 15 December, 2005.
Despite repeated natural disasters and external shocks, economic growth during the last decade has averaged an impressive annual growth rate of 6 percent in Bangladesh. Syed Manzur Elahi, an eminent businessman from Bangladesh commented in The Japan Times "What frustrates me is that we could have touched 8, 8.5 percent (growth) easily" had there been cleaner politics in the land." Published on February 15, 2008. According to a World Bank report for 2000 titled "Estimating the Effects of Corruption Implications for Bangladesh," if the country had reduced corruption "to levels existing in transition economies like Poland," growth in 1990-97 could have risen by more than half. Real growth of 8.5 percent would put Bangladesh on the same economic trajectory as India, with which it shares a long border, and well on the way to China's 10.5 percent.

There are some facts behind the projection about BRICs and Next 11 countries. They have a combined population of 4.5 billion, almost 75% of the global total. The BRICs and the Next 11 have all seen economic reform over the past decade. O'Neill, predicts “investors should fill their boots with equities from the countries set to post high growth over the coming years”. If East Asian economies’ development success is analyzed, these countries made a smooth transition from similar economic condition which N11 countries have at present. Chunji Yun (2003) points out that the continuous and sequential development in East Asia is recognized as a process of emulating a Japanese style catching up process. East Asian development is primarily that it is based on methodological nationalism, in which development of certain industry or good is regarded as part of national economic development (Gore, 1996).

Both the development prospect of a developing economy and its development path are increasingly reliant on access to and the dynamic evolution of IPN (Gereffi and Tam, 1999:17; Lester and Sturgeon, 2002:18). “Each country’s development trajectory is a product of interactions between MNCs and domestic structure, and such country-specific links have, in turn, produced diverse development trajectories and the phenomenon called ‘globalization of production’ should be recognized precisely as ‘global regionalization’” (Chunji Yun, 2003). East Asian countries could make such integration well and pave the foundation of their development. “The East Asian experience shows that it is the role of the state to prevent negative effects stemming from participation into IPNs and to achieve successful industrial upgrading based on local linkages. It is possible for an emerging economy to establish effective state capacities” (Chunji Yun, 2003).

**CHALLENGES AND PROSPECTS: THE WAY FORWARD**

Globalization has offered both opportunities and challenges to the national progress of a developing country like ours. Efforts to achieve Bangladesh's macroeconomic goals have been problematic mostly due to various factors. Lindert and Williamson (2001, p.1) write: “globalization probably mitigated the steep rise in income gaps between nations. The nations that gained most from globalization are those poor ones that changed their policies to exploit it.”

**Challenges**

There are many Challenges common in developing countries. “There is a very clear opportunity for all levels of government in Bangladesh to influence the evolution of the linkage between domestic and foreign industrial complexes. One such “meta-strategy” is the development of an enhanced regional network of infrastructure, especially transportation network.” (Seiji F.Naya, Fernando De Paolis, and Robert K. Mc Cleery, 2004) Political decentralization is often incomplete. The transfer of political responsibilities is seldom followed by an equitable transfer
of monetary resources or financial mechanisms needed to effectively fulfill the newly transferred responsibilities. (Seiji F. Naya, Fernando De Paolis, and Robert K. McCleery, 2004)

UK consultancy Maplecroft identified Bangladesh and India as the two countries facing the greatest risks to their populations, ecosystems and business environments after ranking 170 countries based on their exposure to climate-related natural disasters and their social, economic and political ability to adapt to a changing climate. According to Maplecroft, the countries facing the greatest risks are characterized by high levels of poverty, dense populations, exposure to climate-related events and reliance on flood- and drought-prone agricultural land. Bangladesh ticks most of these boxes and the report warns that rising climate risks could hit foreign investment into the country.

Population pressure continues to place a severe burden on productive capacity, creating a food deficit. Underemployment remains a serious problem. Due to farmers' vulnerability to various risks, Bangladesh's poorest face numerous limitations on their ability to enhance agriculture production and livelihoods. Bangladesh cannot offer even elementary literate manpower and sufficient infrastructure. Most of Bangladeshi people, suffer blackouts six to seven hours a day because it has not invested enough in power plants and natural gas fields earlier. The country has a literacy rate of only 55 percent — compared with more than 92 percent in China. As a result, workers in this country are only one-fourth as productive as the Chinese in making shirts, jackets and other woven clothes, according to a report by the Center for Policy Dialogue, an independent research organization based in Dhaka. Bangladesh can eye more economic integration (trade and technological) on another count. Professor Abdul Bayes, mentions in the Daily Star on May 20, 2010 that an estimate by Gustav Papanek shows that the country can achieve economic growth of 8-10 percent and create ¾ million jobs a year only when it takes advantage of its assets (labour) and overcomes its handicaps (delayed decisions, corruption, old mindset etc).” Aggressive and forward-looking policy actions are needed to sustain the recent development momentum in the face of the coming challenges” (Seiji F. Naya, Fernando De Paolis, and Robert K. McCleery, 2004). However a stronger renminbi could also hurt Bangladesh by raising the price of machinery and fabric imported from China, its biggest supplier, mentions Ahmed Mushfiq Mobarak, an assistant professor of economics at the Yale School of Management in the New York Times on July 16, 2010. Over time, Bangladesh could buy more from other countries, like India, but those countries first would need to build up significant production capacity. Also as in China, workers in Bangladesh have started demanding higher pay.

Prospects

Especially in the economic domain, globalization has opened up enormous opportunities for economic growth and poverty alleviation efforts in this generation. However, to avail these opportunities, prudent decisions assessing readiness and capabilities need to be taken. Here, time is a crucial factor as globalization has put Bangladesh in a competitive market place. By availing advantages of globalization effectively and efficiently, Bangladesh can achieve a remarkable success.

Serious emphasis on the issue both at public and private levels is necessary. It is worthwhile to note that the government sectors alone cannot achieve the desired goals in this respect unless the private sectors come forward. In fact, globalization has encouraged the private sectors to participate in economic ventures considering government sectors as mere facilitators. So, congenial private-public partnership is a must for availing the advantages offered by globalization. Rodrik (2004) underscores the “need to embed private initiate in framework of public action that encourages restructuring, diversification and technological dynamism beyond what market forces on their own would generate”.
With the advent of globalization, more and more jobs are being outsourced to the third world countries. Especially, Business Process Outsourcing (BPO) is now a common phenomenon in the software industry. India yearly earns a significant share of its earning from foreign remittance from this outsourcing, especially in software sector. However, India is in a competitive advantage in this respect, as India has the highest number of high quality software firms consisting of 65% of world's CMM certified firms. Whereas, so far, Bangladesh only has 5 CMM certified software firms. In BPO, Bangladesh should avail the opportunity of Call Centre business. Fortunately, some entrepreneurs have already initiated this venture. However, in this case, the government must work as facilitator for ensuring communication infrastructure with high bandwidth capacity for transferring bulk size data transaction as required.

It is quite unfortunate that, apart from RMG sector and to some extent the pharmaceutical sector Bangladesh has not made any significant progress and needs to explore the new market opportunities for export-oriented business. Like China, it can also think about promoting SME, especially plastic as well as electronic and electrical industries in this context. Bangladesh has overtaken India in apparel exports in 2009, its exports stood at 2.66 billion US dollar, ahead of India's 2.27 billion US dollar. Wages in Bangladesh's textile industry were the lowest in the world as of 2010. The country was considered the most formidable rival to China where wages were rapidly rising and currency was appreciating. Other industries which have shown very strong growth include the chemical industry, steel industry, mining industry and the paper and pulp industry. “The Chinese firms that are beginning to get into trouble are producing textiles, rubber footwear and things like that,” said Barry Eichengreen, a professor of economics and political science at the University of California. “And there are lots of countries in South Asia and East Asia and in Central America that would like to fill this space” as reported in the New York Times. Bangladesh could probably absorb many more of China’s 20 million garment industry jobs. Still, some of the changes in China could prove to be mixed blessings for Bangladesh. Among developing countries, East Asian economies took the lead in specializing in labor-intensive manufactures. Initially concentrating on simple products such as garments and footwear, these countries now produce a diversified mix of manufactured goods and participate very intensively in the process of global production sharing (Hoekman and Kostecki, 1995).

The present government's electoral pledge for making a digital Bangladesh got huge momentum through land-slide victory. People are keen to be benefitted from e-Governance that can curb corruption. Though remittance sent by NRB shares a lion part of national income, unfortunately, in the global employment, human resource of Bangladesh is ranked at the low end jobs as most of them are un-skilled laborers. Bangladesh needs to train up human resources as required by the global market. For this, the government should initiate special training programme for the prospective job seekers abroad. Once jobs are created, the multiplier and linkage effects so created could place Bangladesh on a high growth trajectory.

The stock market capitalization of the Dhaka Stock Exchange in Bangladesh crossed $ 10 billion in November 2007 and the $30 billion dollar mark in 2009, and USD 50 billion in August 2010. Bangladesh had one of the best performing stock markets in the world during the recent global recession, mainly due to relatively low correlations with developed country stock markets. Major investment in real estate by domestic and foreign-resident Bangladeshis has led to a massive building boom in Dhaka and Chittagong. The service sector has expanded rapidly during the last two decades, Bangladesh has ranked 15th in an international rating among the
investment-potential countries for the foreign investors and businessmen in 2010 from the 28th place in the 2009 ranking survey conducted by International Research Office of Japan Bank for International Co-operation (JBIC). The rapid evolution of capital markets in developing countries has emerged as a major event in recent financial history. Portfolio flows to emerging countries rose tenfold from 1989 to 1995 (IFC, 1997).

Japanese entrepreneurs are willing to shift their export-oriented industries from Japan to Bangladesh. “Japanese entrepreneurs are also very much keen to invest in hi-tech textile, IT, railway and road infrastructure sectors in Bangladesh,” as the industrial policy has created a scope for local and foreign entrepreneurs to investment under direct investment, joint venture and Public Private Partnership, Bangladesh will achieve rapid investment growth in near future. (The Daily Star, January 7, 2011). The Japanese government has openly declared its interest in reducing reliance on China. This could have major impacts since Japan is the world’s second largest clothing importer, and Southeast Asia and Bangladesh currently only account for 7% of imports.

CONCLUDING REMARKS

From the above discussion it is clear that globalization has brought about a set of opportunities and challenges to the people of the world and Bangladesh as well. In many cases, it has been creating global inequality, deprivations, joblessness, food insecurity and other forms of human insecurity amidst economic growth, prosperity and trade creation. Of course, nobody can deny that if the opportunities of globalization can be utilized appropriately, the huge benefits could be earned as well. However that entails serious preparedness, particularly amongst the governance-related stakeholders. The fact that China is ruling the world in international trade owes much to the productivity of its abundant labor that was raised under the successive communist regimes through education, skill formation and building of appropriate infrastructure. If anything is to blame for this perilous poverty it is bad government and worse governance, not globalization.

Regional approaches to cope with the pressure of globalization in terms of policy coordination could always prove beneficial to the member countries. Furthermore states should acquire efficiency to work with by balancing the demands of the market forces and aspirations civil society, both at the national, regional and global levels. At the end of the day the strategic needs and aspirations of the poor should never be compromised while pursing the process of globalization even if the latter is inevitable.

As Lall (2000:7) points out the “tools used in the successful countries were not that different from those used in less successful economies—the secret lay in the combination of those policies and the efficacy of their implementation”. Bangladesh’s thriving garment industry also owes something to chance. Basically, what seems to be needed is to extend the “flying geese pattern” of industrial development to other developing regions. It is today rather difficult for developing countries to sell labor intensive products in foreign markets without going through established supply chains or trade networks. Already, some third world countries, especially India and China exploiting the advantages of globalization in time have progressed much and it has been speculated that these two countries soon will emerge as economic giants on the globe. So, there is no time to waste if Bangladesh wants to see development in economic terms by utilizing globalization.

REFERENCES


http://theecon.jackiedewaynereynolds.info/category/macroeconomics/page/2/


http://www.cpd.org.bd/

http://www.ifpri.org/publication/address-bangladesh-food-security-investment-forum?


http://www.jbic.go.jp/en/
http://www.wto.org/


