

Becoming An Asian Tiger: What Lessons Bangladesh Can Get From East Asian Miracles?



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ABSTRACT: The economy of Bangladesh is extremely dynamic and its increasing economic growth is contributing in improving the quality of livings of its people. According to some observers, Bangladesh is becoming a new Asian Tiger as it is the fastest growing economy in the continent.

East Asian miracle has left a lot of lessons which are favorable for Bangladesh to become the next Asian Tiger. This paper has tried to review the East Asian miracle and explore lessons from this miracle for other developing countries, especially for Bangladesh. The main purpose of this paper is to find out the way by which Bangladesh can become an Asian Tiger, beside it focused on its challenges to be an Asian Tiger and how it can overcome them? Data were collected from different research papers, articles, journals, reports of different national and international organizations, websites and newspapers related to this topic for analyzing problems. It is founded that Bangladesh is in the right economic track but corruption and weak institutions are the main problems need to be solved and it is possible for Bangladesh to be an Asian Tiger.

KEYWORDS: Economy, Four Asian Tigers, East Asian Miracle, Economic Growth, Economic Policy, Human Capital, Trade Deficit.

INTRODUCTION

Four South Asian Countries (South Korea, Taiwan, Singapore and Hong Kong) are considered as Four Asian Tigers for their rapid industrialization and economic growth rate. Garber (2017) examined that the economic growth of Bangladesh is much like those four countries. It is one of the fastest growing economy of Asia in recent time as its economy is growing faster than other South Asian countries. According to World Bank (2019), it is second fastest growing economy of Asia. After the independence, 50 years were challenging for Bangladesh to achieve today's economic growth. Since independence, Bangladesh has increased its per capita income fourfold, cut poverty more than half and fulfill many of its MDGs (Hasan and Raihan, 2017). The performance of Bangladesh during pandemic is also impressive. During Covid-19, Bangladesh overtaken India in terms of per capita GDP scoring US \$1888, which was around 40% less than India in 2015 (IMF 2020 report, as cited in Islam, October 2020).

But still Bangladesh is struggling to become a developed economy from a developing one. Poverty, unemployment, trade deficit, less FDI inflows, political instability, less institutionalization and corruption are the main problems in achieving sustainable economic development for Bangladesh.

This paper would like to analyze economic growth of Bangladesh in previous decades, what are the factors hindering its economic growth? How Bangladesh will increase its growth and how it can make it an Asian Tiger? Starting from the same economic condition like Bangladesh, some East Asian countries including Four Asian Tigers have made a dramatic economic growth by following flying geese model paved by Japan which is termed as East Asian miracle by World Bank (Huque, 2011). Bangladesh can pay attention to the economic policy of East Asian countries which can be helpful for Bangladesh to be another Asian Tiger.

Many researches have done in the last few decades about East Asian miracle and Bangladesh as a new Asian Tiger; researchers have analyzed the policies of eight East Asian countries through which those countries have achieved rapid economic growth and why Bangladesh is going to be another Tiger in Asia. But there is less researches on country based lessons from East Asian miracle, especially on learning of Bangladesh from East Asian miracle in becoming another Tiger economy in Asia. As this paper has mainly focused on how Bangladesh can gain more economic development, the finding of this paper will be helpful for taking more effective economic policy for Bangladesh in achieving rapid economic growth which will be more effective in improving the living standard of the people of Bangladesh.

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DEFINITION

Conceptual Underpinning: East Asian Miracle

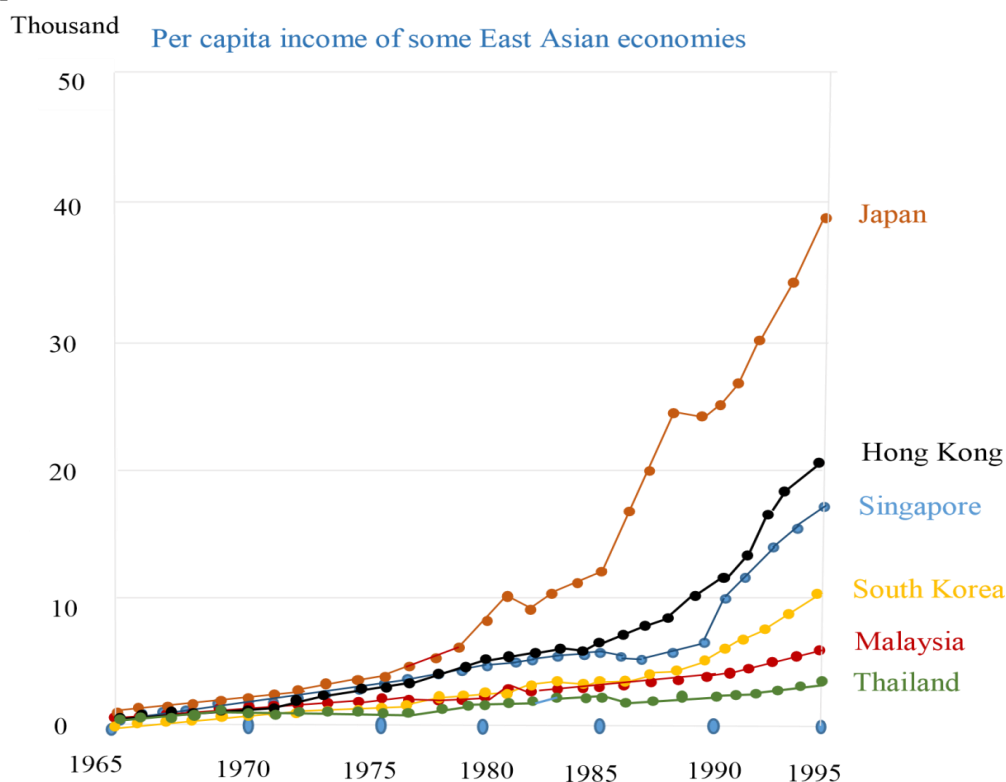
Some East Asian countries have made a dramatic and sustainable extremely high economic growth and achieved high quality of living from 1965 to 1990. This miraculous economic transformation is known as East Asian miracle by World Bank report of 1993. It had mainly focused on eight high performing economy of East Asia such as Japan, Hong Kong, Singapore, Taiwan, South Korea and three newly industrializing economies of Southeast Asia; Thailand, Indonesia and Malaysia. All of those countries are known as HPAE (High Performing Asian Economies).

According to Quibria (2002), The rapid economic growth of those countries are the result of accumulation and efficient use of physical and human capital. He added that This economic development has played an important role in reducing poverty in those countries and in increasing the quality of living of people.

Like Quibria (2002), Haque (2011) also included two common things that are responsible for that this growth. According to him, remarkable growth of East Asian miracle is mainly linked to the attainment of three functions; 1) accumulation, 2) efficient allocation and 3) rapid technological catch-up (Page and Petri, 1993). There are some fundamental policies taken by government of those countries. Those policies include; high investment in human capital building, stability in micro-economy, establishing a secure and stable financial system, share growth, promotion of industry and export-push trade policies. Besides, they created a situation in which both government and private sectors co-operated each other to perform better. Some factors should be analyzed to make a clear idea about East Asian miracle. Some factors like change per capita income, GDP growth rate, annual GNP has been analyzed to show a clear scenario of dramatic growth of those countries.

Chart 1.0 indicates per capita income of some East Asian countries. The remaining values are primarily based on historical date of World Bank.

Chart 1.0 Per Capita Income of Some Miracle Economics



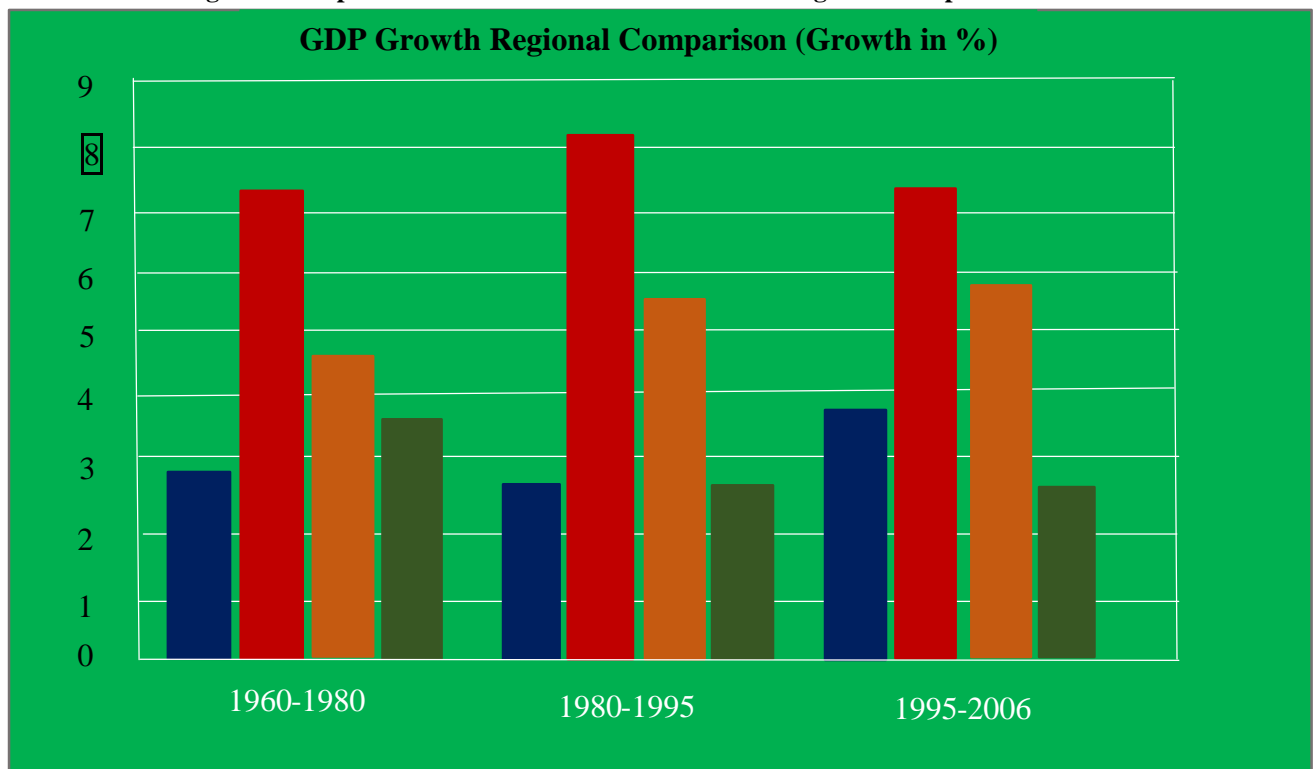
Source: World Bank (1965-1995).

From the chart, it is observed that all of the country started from the same economic growth but over the time all of them experienced an increasing per capita income. Japan had obtained the first position in this race of rapid economic growth. All of the East Asian countries were successful in making policy and other factors are also in favor of growth.

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Chart 2.0 indicates the comparison of different regions' GDP growth from 1960 to 2006.

Chart 2.0 Regional Comparison of GDP Growth GDP Growth Regional Comparison from 1960 to 2006

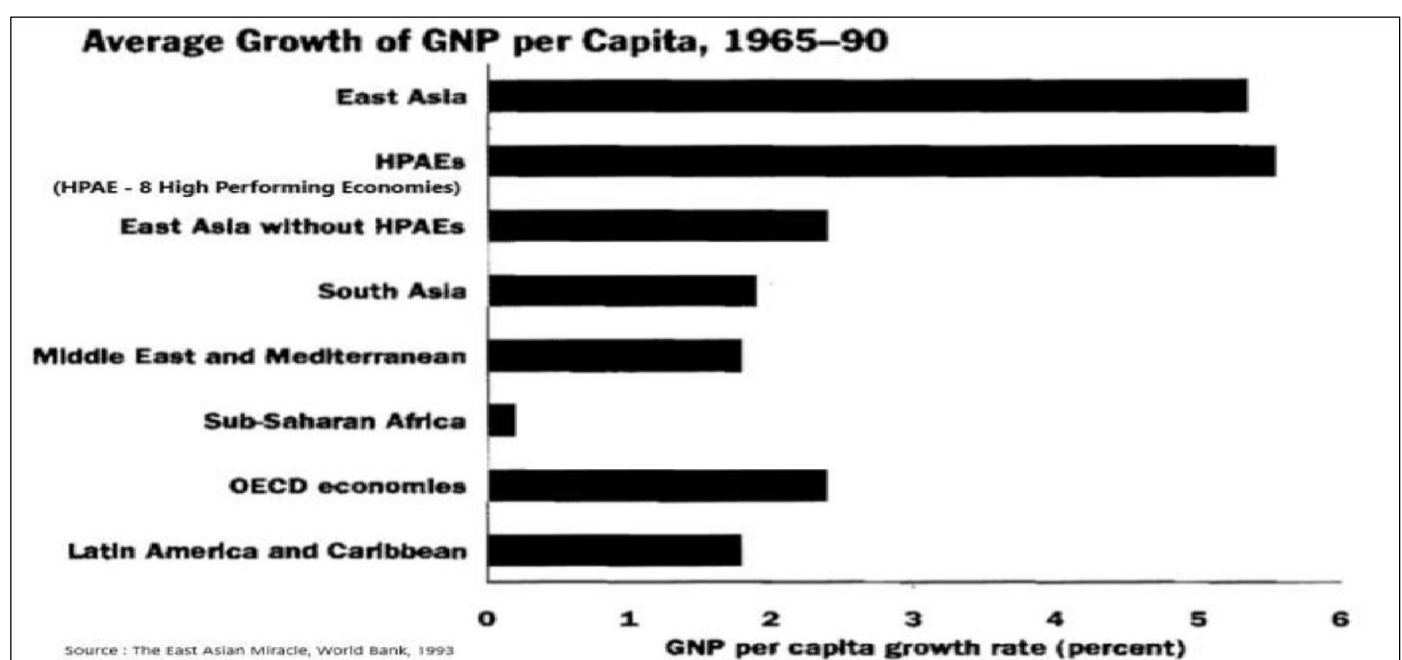


■ Sub-Saharan Africa ■ East Asia and Pacific ■ South Asia ■ Latin-America and Caribbean

Source: Noman and Stiglitz, 2010 Good Growth and Governance for Africa.

Chart 3.0 indicates average GNP per capita of East Asia, Eight high performing economies, South Asia, Middle East and Mediterranean, Sub-Saharan Africa, Latin America and Caribbean. Data has been collected on the basis of historical data from World Bank report 1993.

Chart 3.0 Average Growth of GNP Per Capita of Different Areas



Source: The East Asian Miracle, World Bank, 1993.

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Behind the Scene of Miracle. A lot of factors, policies and strategies helped those East Asian countries to make miracle. Among them some important factors and policies are:

Creating Human Capital. In most of the East Asian countries, the transformation of education and training systems during the past few decades was dramatic. Those countries provided education for a large number of child, at the same time the quality of education was also improved. There was noticeable improvement in schooling and training. The cognitive skill of secondary school of some East Asian countries can be compared to the skill of higher, or higher than of high-income countries (Page, Birdsall, Campos..... and Uy, 1993). Education policies of those countries had focused on primary and secondary education to generate more skill work force for rapid growth. Public spending emphasized on primary and secondary education. In the mid-1980s some countries (Indonesia, Korea and Thailand) spent more than 80% education budget to basic education. They declined fertility in one side, on the other side share the constant budget for education and for this reason each child had enjoy more resources to be skilled than other developing countries (IMF report, 1994). In the 1960s, the level of human capital of those countries were more than any other low and middle income countries. Post-secondary education focused on technical skills and some of them imported educational services, particularly in vocationally and technologically sophisticated skilled humans well suited to achieve rapid economic development (World Bank, 1993).

High Investment and Savings. Investment is one of the driving force of economic growth. In closed economy savings is the main source of investment on the other hand in an open economy FDI is another source of investment. During 1965 to 1995 both investment and savings increase in East Asian economies which was more than other countries in the reason. Government of those countries encourage small savings and created investment friendly environment to increase investment. They encouraged investment in three ways; a) created infrastructure complementary to private investment, b) combined tax policies and measure to create an investment friendly environment, c) practice financial repression (keeping deposit and lending rate below market cleaning levels).

Flexible Labor Market. In East Asian economics labor market was more flexible than other developing countries which provided increasing wages to labor. As a result, income inequality reduced in a large scale which helped to achieve rapid growth in economy.

Acquisition of Foreign Technology. All East Asian countries encouraged absorbing the foreign technology through the openness to FDI which played an important role in rapid growth. They welcomed technology in forms of licenses, imports and foreign training. Hong Kong, Malaysia, Singapore have accelerated the acquisition of foreign technology through FDI. In contrast, other low and middle income economics have adopted policies which hindered the acquisition of foreign technology by restricting FDI (World Bank, 1993).

Principle of Shared Growth. Leaders of the East Asian countries adopted the principle of share growth. Korea and Taiwan took comprehensive land reform programs. Indonesia introduced rice and fertilizer price policies to increase rural incomes. Malaysia adopted an explicit wealth sharing to improve the economic condition of ethnic Malays. Hong Kong and Singapore taken public housing programs. Some economies established programs to encourage small and medium sized enterprises. By shared growth governments intended for all to share the benefits of growth (Haque, 2011).

Industrial Policies. Most of the East Asian countries have introduced specific sector based industrial policies like Japan's heavy industry promotion policies in 1950s. Those policies included import protection and subsidies for capital and other imported inputs. Malaysia, Singapore, Taiwan, and Hong Kong have taken some programs to accelerate development of advance industries. The goals of most of the countries was to push export. They created connectivity with the outside world through trade and benefited from the rapid import of advanced technology (The World Bank report 1993).

Role of Private Sectors. Private investment was the major engine of these countries to build a business friendly environment which focused on enhancing communication between government and private business. Deliberation council was established in Japan, Korea, Malaysia and Singapore to influence private sectors for adopting government policies relevant to their interest and they made the allocation rules clear to all participants. Some of these economies created a contesting situation that combined competition with the benefits of co-operation among different firms as well as between private and public sectors (IMF, 1994).

Role of Institutions. According to the evidence, the miracles operated within a set of economic, social and political institutions which were conducive to rapid growth and reduction of poverty. Although institutions varied from economy to economy, the high quality institutions were favorable to East Asian miracle. Every state provides some institutions which support the efficient functioning of markets and provision of public services. The economic growth and poverty reduction of a state depend on how successfully a state can provide these institutions (M.G. Quibria, 2002).

Quibria, 2002 points out that Knack and Keefer (1995) compiled an index from a set of surveys undertaken by the Intervention Country Risk Guide on good economic governance which includes the quality of governance, the quality of Bureaucracy, the rule of law, the risk of expropriation (the threat of confiscation and nationalization) and the risk of repudiation of contracts by the government (the modification of contracts change in government priorities and so on). According to this index Hong Kong, China, Singapore and China scored between 8 to 10 (range 0 to 10), on the other hand Korea, Malaysia and Thailand scored between 6

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and 7; however, Indonesia scored less than 4 and Philippines less than 3. Although such exercises are subject to many conceptual shortcoming, in terms of economic governance the miracle economics ranked high in different index,

Two empirical studies; (Rodrik, 1998) and (Hall and Jones, 1999) found a strong relationship between institutional quality and economic growth. Rodrik focused on some variables such as a) initial income, b) initial education and c) institution which helped him to explain the performance of East Asian miracle. The study of Hall and Jones found the per capita income of a country strongly correlated with the quality of social infrastructure which reflects the quality of institutions and governments policies. As a result, we can say that economic, social and political institutions played an important role to make East Asian miracle.

Authoritarian Regime and Governance. Authoritarian nature is a common characteristic of the political regime of miracle economics. The political regime of Singapore was authoritarian since its founding in the mid-1960s, on the other hand Korea and Taipei; China conquered against poverty under the dictatorial regimes. Indonesia also made significant poverty reduction under the dictatorial rule of Suharto. Similarly, Malaysia eliminated poverty when it was less than a fully democratic country (Varshney, as cited in Quibria, 2002).

According to (Quibria, 2002); the authoritarian regimes are better than democracy in formulating and implementing policies. Democracy ensure rule of law, property rights and enforcement of contracts but why the authoritarian regimes in the miracle economies are more successful than other developing economies? (Varshney, 1999); explains the success of authoritarianism regimes in terms of comparative advantages of different regimes in different methods of poverty reduction. According to (Varshney, 1999) there are two methods of poverty reduction; direct method and indirect method.

Direct method is related to distributive measures which includes income transfers like food for work programs, credit transfer and subsidies for small farmers or asset distribution like land reforms, on the other hand indirect method is growth mediated. (Varshney, 1999) conclude that

Indirect method is more effective and sustainable in the sense of growth which has much larger impact on poverty and does not rely on the availability of public resources to sustain the process. As distribution oriented direct method is not effective to alleviate poverty in long run democracies are less successful in developing countries.

There is another political explanation for the success of authoritarian regimes. According to this, as all of these autocratic ruler came to power through a non-democratic way, they wanted to achieve political legitimacy by undertaking ambitious development projects that promised the masses an improved economic future (World Bank report, 1993).

Insulated Bureaucracies. According to some observers, the miracle economies did a good job for insulating their bureaucracies from the pulls and pushes of short run, pork-barrel politics. This insulation includes highly selective-meritocratic recruitment and long-term career rewards for the members of bureaucracy. This type of bureaucracy is more useful in formulating long-run development policies and guiding their implementation like Economic Planning Bureau in Korea and Malaysia; industrial development Bureau in Taipei, China. Independent bureaucracy which carried out their responsibilities with efficiency which is difficult to maintain in democracy (Quibria, 2002).

Rule of Law. The rule of law is an important factor for the economic growth. Not only personal economy and the freedom of exchange but also property rights and contracts are necessary for sustaining economic growth. The major economic organizations can't function without rule of law. Although these countries failed to ensure rule of law in political arena, the rule of law in economy was impressive. According to (Quibria, 2002); these miracle economies have a good record of defining and enforcing property law.

Limited and Centralized Corruption. Centralized corruption existed in miracle economy. The nature of corruption is different from the corruption exists in developing economies. Corruption in developing is mainly centralized corruption. For example, in centralized corruption, one who want to secure an import license; the importer must pay a high-ranking functionary in the ministry of trade. On the other hand, in decentralized corruption the importer must pay a large number of low-ranking officials who will process the import papers. For this reason, a centralized bribe is less trouble for the importer. It can be said that centralized corruption is less harmful for economic development than decentralized corruption (Quibria, 2002)

Accountability. Quibria, 2002 argued that, Accountability is another important factors for achieving a region's economic development. There is not strict functional relation exists between local-level accountability and the nature of political region, while some democracies have done a poor job in fostering local-level participation and ensuring local accountability. Miracle economies have better institutions in local level and they ensure local accountability. As a result, they are more successful in changing economic condition in local level than other developing countries. Besides, all of the countries had some common features such as low fertility rate, rapid growth of exports, dynamic agriculture sectors, declining income inequality and reduce poverty, rapid and sustained economic growth etc. (World Bank report, 1993).

From the above analysis, we can say that there was diversity of experiences and variety of institutions in East Asian economies. Besides, there was variation in policies which meant that there is no model of success. Each of countries use a combination of policies at different times which were needed for rapid growth; rapid accumulation, efficient allocation and higher productivity growth. For this reason, according to some observers; the rapid economic growth of those economies is the result of sound economy rather than a miracle.

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GDP

Gross Domestic Product is the total of goods and services produced by a country. It is an economic indicator to show the economic health of a country.

Economic Growth

Economic growth can be defined as the increase of production of economic goods and services which is compared with the previous years. The difference between the production of economic goods and services of two FY is considered as economic growth.

FDI

Foreign Direct Investment is an investment of a firm or individuals of one country to another country. By this tool, a firm or individuals can control and own a business in other countries.

Trade Deficit

When the import of a country is larger than its export, the difference between export and import is called trade deficit.

Four Asian Tigers

Four high growth economies of Asia are considered as Four Asian Tigers for their rapid economic growth than other countries of Asia. They are Singapore, Hong Kong, South Korea and Taiwan.

METHODOLOGY

This research paper is both analytical and descriptive. It has emphasized on the economy of Bangladesh and lessons from East Asian miracle for it. There are some factors which are hindering the economic development of Bangladesh. For this reason, this paper has tried to find out the right economic track by which Bangladesh can achieve rapid economic growth like East Asian miracle economies and become an Asian Tiger. Mixed-method has been used to analyze the problems. This method is more suitable than other method to analysis this problem because both qualitative and quantitative approach are used to find out the answer of research questions. Data has been used from secondary sources such as previous researches, online articles, books, newspapers, reports of different national and international organizations, governmental and non-governmental websites of different countries, journals and webpages relevant to this topic which have played an important role to answer the research questions and analyze data.

HYPOTHESIS

Most of the government and private sectors of Bangladesh are corrupted. Socio-economic conditions and mindset of people in Bangladesh are encouraging corruption. Institutions are not performing well. Although there are some problems and challenges, Bangladesh is making a good

GDP in recent time. On the basis of this conditions, some hypothesis have been formed;

- 1) Institutions building is the most important thing to achieve economic growth for Bangladesh.
- 2) Policy of East Asian miracle is not fully applicable in the context of Bangladesh.
- 3) Corruption is the main barrier of economic growth in Bangladesh.
- 4) Bangladesh is in right economic track, it only needs to cut corruption and build up institutions properly to make itself as an Asian Tiger.

Bangladesh as an Asian Tiger

Bangladesh is a developing country in South Asia with huge population and limited resources. It has a large number of illiterate and unskilled people who are burden for Bangladesh, besides many people are living under poverty level. Although it has many challenges, Bangladesh is an emerging economy in the recent world. Despite internal and external shocks, economic growth during last decade was impressive. According to IMF, it is the 35 largest economy of the world in 2019 and considered as (N-11) next eleven emerging developing economy. In the first quarter of 2019, Bangladesh was the seventh fastest growing economy of the world with 7.3% real GDP growth (IMF 2019 report). Garber (2017) points out that Bangladesh has become top performers in Asia in terms of economic growth over the past decade and it has achieved an average annual GDP growth of more than 6% which is much like the economic growth of Four

Asian Tigers. He also added that “Gareth Leather and Krystal Tan, Asia economists at capital Economics wrote that Bangladesh has picked up about two-thirds of China’s low-end manufacturing market share in Europe”. He thinks that the name of Bangladesh should come to mind as a next Asian Tiger after those Four Asian Tigers. A report of the Daily Star (2020) also concluded that Bangladesh is emerging as another Tiger economy in Asia. It includes that “Bangladesh has really become the tiger of Asia. Its economy grew 8.13 percent last year which is unparalleled in Asian countries, said Peter Clasen; the head of the German business delegation in Dhaka in 2019”. According to Clasen, Bangladesh has already strong export industries like garments, IT, interior design, shipping and environment technologies and he sees a very bright future for the economy of

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Bangladesh. According to Neogy (2020), Bangladesh has achieved an average 8% of GDP in recent past that none of the Asian nations could. While the neighboring nations experiencing declining economic growth, Bangladesh has made itself as a top growing one. His aimed was to find out some factors by which Bangladesh will be able to go a more step in economic development. Those factors are: 1) Contribution of textile industry, 2) Contribution of other diversified industries, 3) Sustained economic growth and; 4) Political stability under present government and human development. Saifullah (2018) concluded that Bangladesh might be the fifth Asian Tiger because the country is experiencing rapid economic growth of more than 6% over the past decade. He also added that the per capita income of Bangladesh has increased more than twofold from 2000 to 2017 and according to World Bank report 2018, it has declined its poverty from 48.9% to 24.3% and in the case of extreme poverty, it is 12.9% from 34.3%. Besides, Bangladesh has ranked 34th as a fastest growing economy of the world and it is sixth in Asia where the ranking of India and Pakistan were 62th and 47th and he is hopeful that Bangladesh will be a new Asian Tiger in economy with time and good governance. As a result, we can say that

Bangladesh is going to be the next Asian Tiger. There are some factors which indicating that Bangladesh is becoming a new Asian Tiger.

Factors which are indicating that Bangladesh is becoming a new Asian tiger

There are many factors which indicates that Bangladesh is becoming a next Asian Tiger in economy. Among them some important factors are;

GDP Growth of Bangladesh. Bangladesh has averaged more than 6% growth over the last decade which significantly helps it in lifting its per capita income and poverty; gender disparity in education and maternal mortality are also decreased. Bangladesh has made rapid growth in the ready-made garments industry. Throughout this process, it successfully transformed itself to a manufacturing based economy from agricultural one (IMF report, June 2018).

Table 1.0 indicates the GDP of Bangladesh, its per capita income and growth. The remaining values are primarily based on historical data have been found in world Bank report from 2015 to 2019.

Table 1.0 GDP of Bangladesh

Year	GDP (USD\$)	Per capita(USD\$)	Growth(%)
2019	302.57	1,856	8.15%
2018	274.57	1,698	7.86%
2017	249.71	1,564	7.28%
2016	221.42	1,402	7.11%
2015	195.08	1,248	6.55%

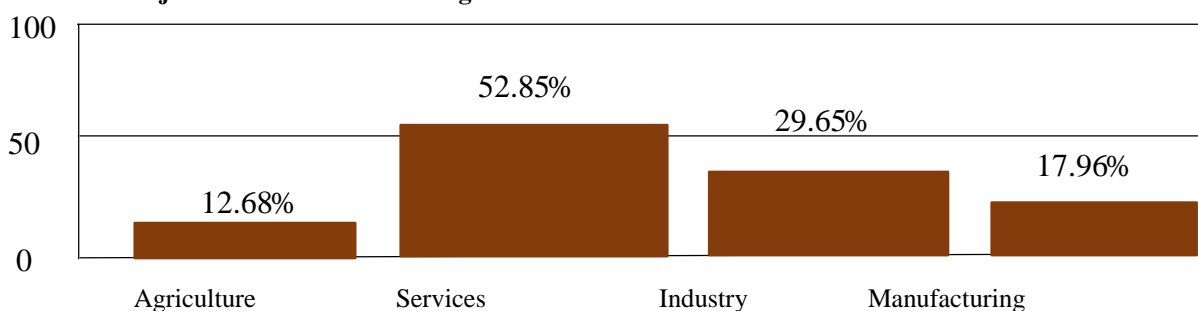
Source: World Bank report (2015-2019).

There is an increasing growth rate of GDP of Bangladesh from 2015-2019. In 2015, per capita income was 781 US \$ and growth rate was 5.57% which becomes 1,856 US \$ and 8.15% in 2019.

Major Sources of GDP. Performance of some sectors in economic growth was noticeable in 2019. Major sources of GDP were agriculture, services, industry and manufacture. Among those sources the contribution of services was highest with 52.85% of GDP and the lowest contribution was from agriculture which was 12.68% of GDP. The contribution of industry and manufacturing were 29.65% and 17.96%.

Chart 4.0 indicates major sources of GDP of Bangladesh in 2019. The values are collected from the World Bank report 2019.

Chart 4.0 Major sources of GDP of Bangladesh in 2019



Source: World Bank (2019).

GDP of Some South Asian Countries. According to World Bank report, in 2019 GDP of Bangladesh was more than other South Asian countries like India, Nepal, Sri-Lanka, Bhutan,

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Maldives and Pakistan. GDP of Bangladesh was 8.15% in 2019, on the other hand GDP of India, Pakistan, Nepal, Sri-Lanka, Bhutan and Maldives were 5.02%, 0.99%, 6.99%, 2.28%, 3.01% and 5.22%.

Table 2.0 indicates GDP growth of some South Asian countries. The remaining values are primarily based on historical data which are collected from World Bank report of previous years.

Table 2.0 GDP of some South Asian countries

Country	Year . 2019	2018	2017	2016	2015
Bangladesh	8.15%	7.86%	7.28%	7.11%	6.55%
India	5.02%	6.12%	7.4%	8.26%	8%
Nepal	6.99%	6.70%	8.22%	0.59%	3.32%
Sri-Lanka	2.28%	3.31%	3.58%	4.49%	5.01%
Maldives	5.22%	6.89%	6.80%	6.34%	2.89%
Pakistan	0.99%	5.84%	5.55%	5.53%	4.73%
Bhutan	3.81%	3.82%	6.32%	7.41%	6.22%

Source: World Bank report (2015-2019).

GDP of Some South Asian Countries During Pandemic. Table 3.0 indicates the growth projections of Asian Development Bank for some South Asian countries. The remaining values are primarily based on an Article published by ADB in 2020.

Table 3.0 ADB's Growth Projections for South Asia

ADB's revised growth projections for South Asia		
	2020	2021
Afghanistan	-4.50%	3%
Bangladesh	4.50%	7.50%
Bhutan	2.40%	1.70%
India	-4%	5%
Maldives	-11.30%	13.70%
Nepal	2.30%	3.10%
Pakistan	-0.40%	2%
Sri Lanka	-6.10%	4.10%

Source: Asian Development Bank (2020).

Foreign Trade. According to World Bank report in 2018 trade represented 38.2% of Bangladesh's GDP. Bangladesh mainly exports raw jute, leather, clothes, fish, frozen seafood, its derived products etc. and imports products of Bangladesh are machinery, steel, metals, cement, equipment, chemical products and foods. Bangladesh mainly exports to European Union, United States and China; and imports from India, China, Thailand, Indonesia and Singapore (Bangladesh: Economic and Political overview, October 2020). Table 4.0 indicates the imports and exports of goods and services of Bangladesh from 2015 to 2019 in million USD. The values are collected from the report of World Trade Organization.

Table 4.0 Trade of Bangladesh

Indicators	Year	2019	2018	2017	2016	2015
Imports of Goods		59,094	60,495	52,836	41,490	39,460
Exports of Goods		39,337	39,252	35,851	34,954	32,379
Imports of Services		9,526	9,579	9,011	8,519	8,745
Exports of Services		3,207	2,980	2,262	3,585	1,684

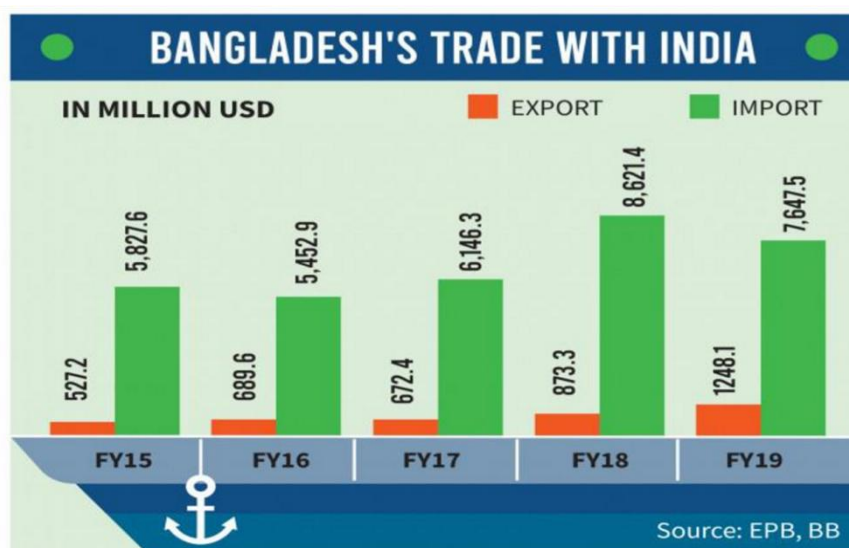
Source: World Trade Organization (2019).

Bangladesh Trade with Major Countries. Now-a-days Bangladesh is maintaining trade relation with many countries in the world. This paper has emphasized on three trade partners of Bangladesh such as; India, china and US. All of those countries have increasing export and import with Bangladesh in last decade.

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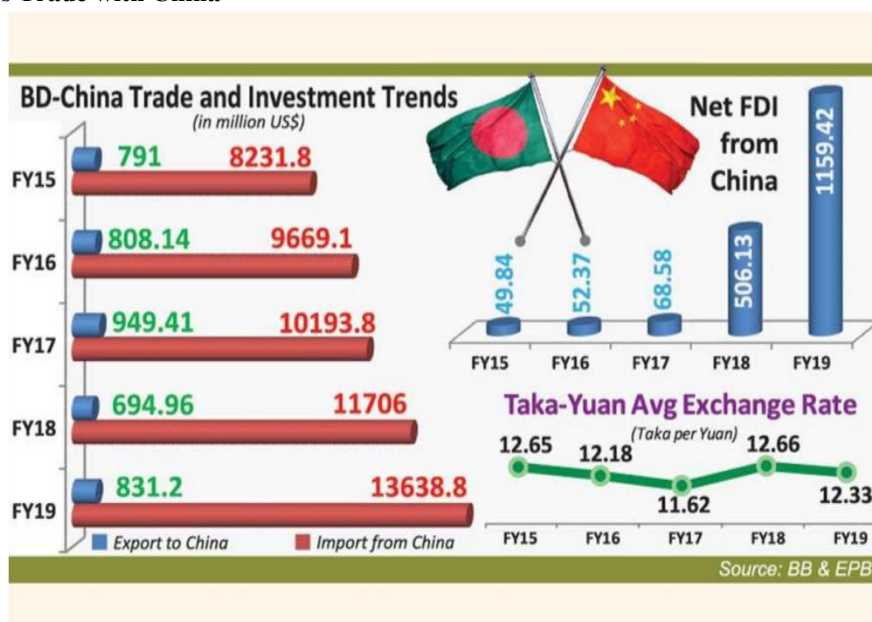
Trade with India. India is the biggest trade partner of Bangladesh in South Asia. The import products of Bangladesh include food grains, cotton yarn, fabrics, instruments, machinery; glass and glassware; ceramics and coal etc. (Rather and Gupta, 2014). On the other hand, Bangladesh exports textile fibers, salt, readymade apparel, fish specially Hilsa, mineral fuels, cement, paper yarn etc. Chart 5.0 indicates Bangladesh's with India; export and import of goods and services from FY 2015 to FY 2019. The remaining values are primarily based on data collected from Bangladesh Bank report of 2019.

Chart 5.0 Bangladesh's Trade with India



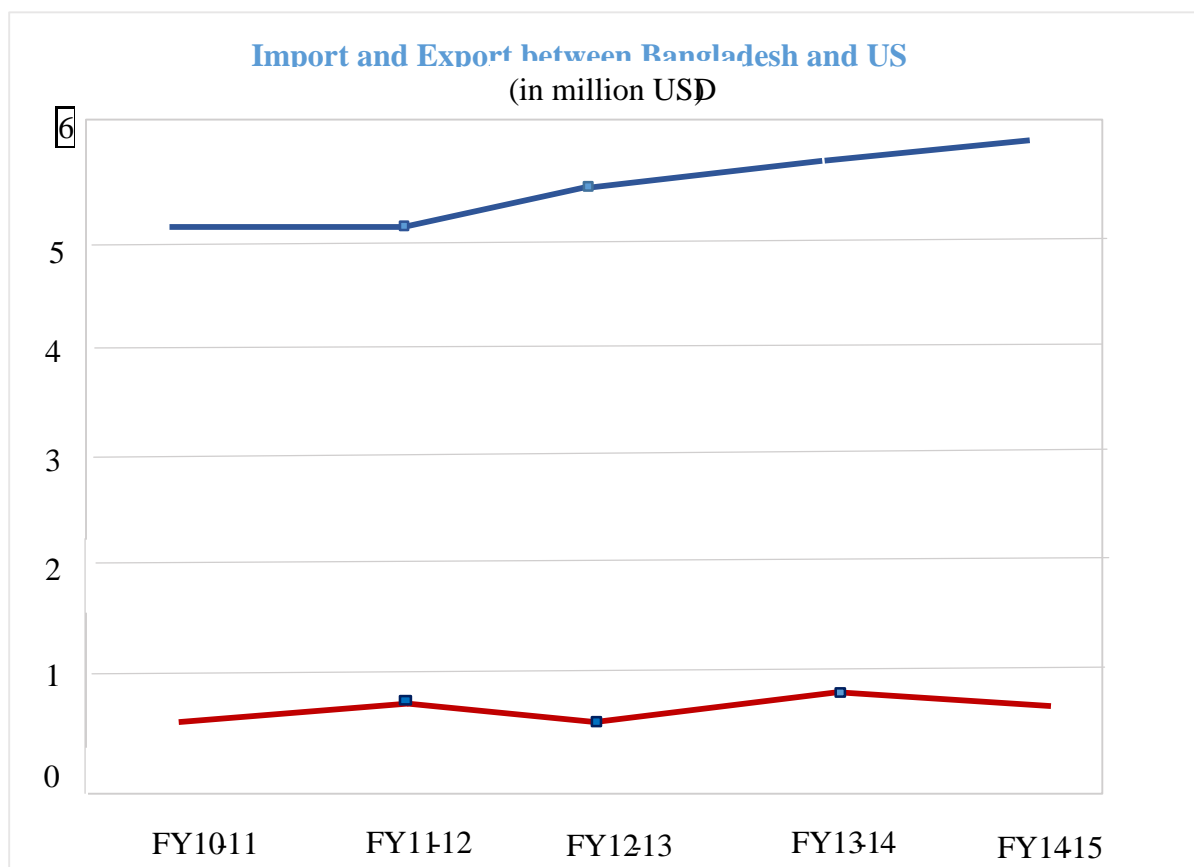
Trade with China. According to OEC report, in 2018 import from China were 32.7% of the total import of Bangladesh which was more than India. The top imports products of Bangladesh from China are nuclear machinery, electrical equipment, man-made staple fibers, cotton, knitted or crocheted fabrics, steel, plastic, iron, fertilizers, organic chemicals, paper and paperboard etc. Chris Devonshire-Ellis (August 12, 2020) points out that the main exported products of Bangladesh to China are jute and jute products, frozen fish and crabs, plastic products, cotton waste products, live eel fish etc. Chart 6.0 indicates trade and investment between China and Bangladesh.

Chart 6.0 Bangladesh's Trade with China



Trade with US. US is another biggest trade partner of Bangladesh. According to OFFIC of the UNITED STATES TRADE REPRESENTATIVE (2 October, 2020), Bangladesh was 38 largest import partner of US. The top import product of US from Bangladesh were agriculture products (\$ 21 million), tobacco (\$6 million), rice (\$2 million), tea including herbal (\$1 million), processed fruit and vegetables (\$730 thousand), snack foods (\$4million) in 2019. Chart 7.0 indicates export and import between US and Bangladesh. The remaining values are collected from Bangladesh Bank report 2015.

Chart 7.0 Bangladesh's Trade with USA

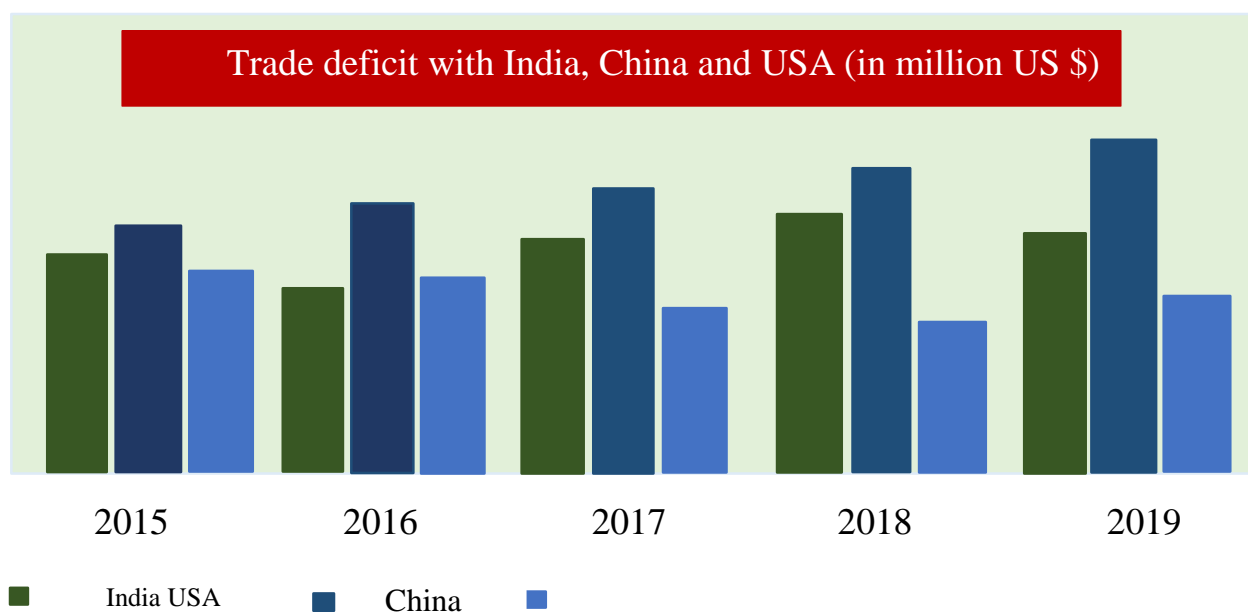


■ Import ■ Export Source: Bangladesh Bank (2015)

On the other hand, export of US in Bangladesh were iron and steel (\$321million), cotton (\$389 million), machinery (\$78 million), aircraft and miscellaneous grain, seeds, soybeans (\$688 million and \$ 403 million).

Trade Deficit of Bangladesh. Chart 8.0 indicates trade deficit of Bangladesh with India, China and USA. Data are collected from Bangladesh Bank and United States Census Bureau.

Chart 8.0 Trade Deficit of Bangladesh



■ India ■ USA ■ China

Source: Bangladesh Bank and United States Census Bureau (2019).

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There is an increasing trade deficit with the major trade partners and it is very concerning issue for Bangladesh. Increasing trade deficit is harmful for economic growth. Bangladesh need to take proper step to increase export of goods and services.

Bangladesh's Import and Export partners share in 2015. Chart 9.0 and 10 indicate Bangladesh's Import and export partners share of 2015. The remaining values are primarily based on historical data of World Bank report 2015.

Chart 9.0 Import partners Share of Bangladesh

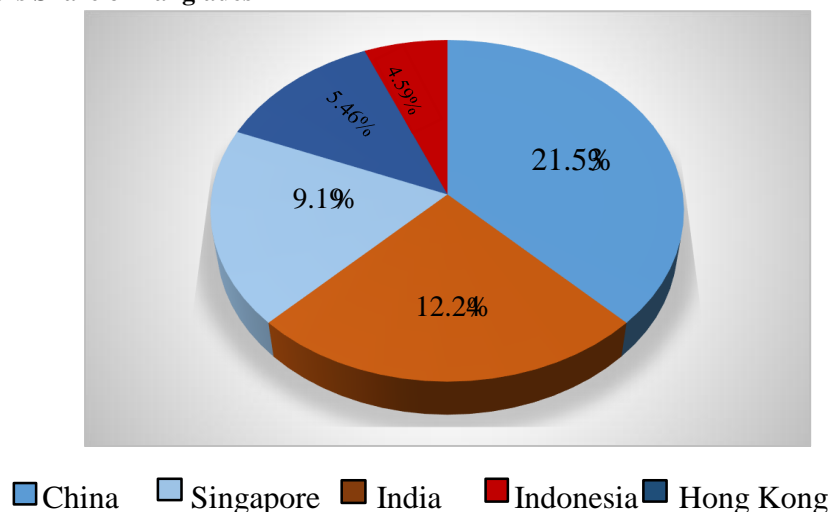
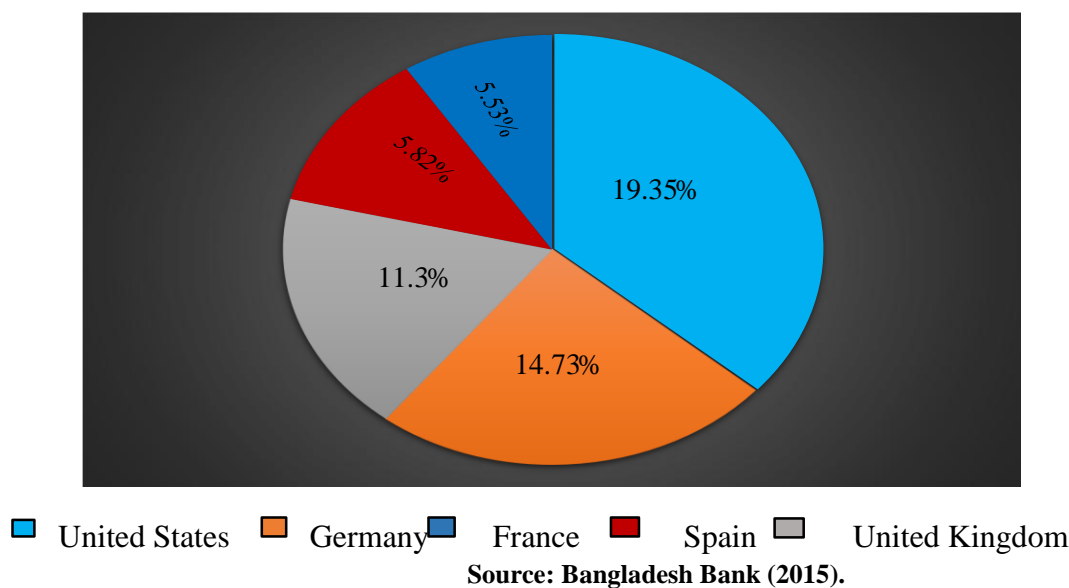


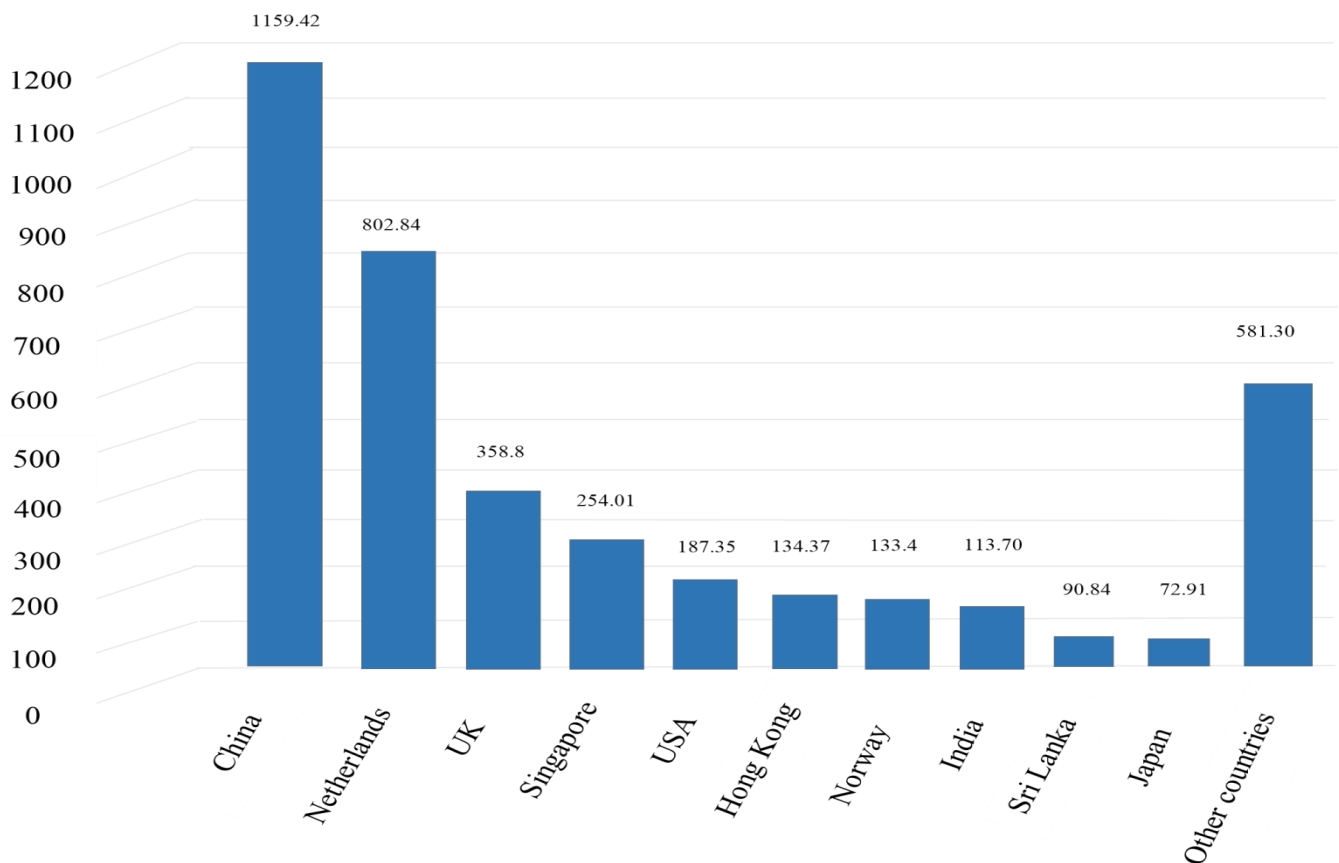
Chart 10 Export Partners Share of Bangladesh



FDI Inflows in Bangladesh. Holy and Rozaro (October 8, 2020), state that FDI is considered as a powerful engine for the economic development for a country, especially for Bangladesh as a developing country. Why is it necessary? They point out some importance of FDI. According to them, FDI enables a country to generate more employment, to gain more capital, to increase the production capacity and technological skill. Bangladesh has experienced 0.5% low FDI inflows in 2019 than 2018. There are many reasons for the decrease of FDI inflows among them the primary reasons are infrastructural challenges and gap in policy implementation. Chart 11 indicates FDI inflows of Bangladesh in FY 2019. Data are collected from Bangladesh Bank report 2019.

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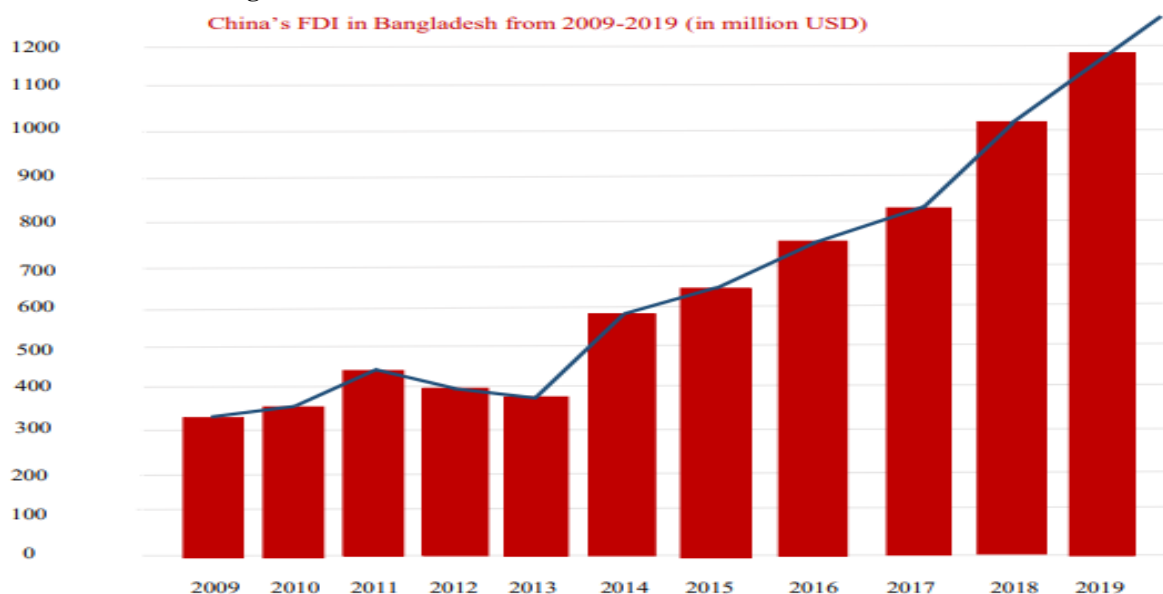
Chart 11 FDI Inflows in Bangladesh in 2019(million USD)



Source: Bangladesh Bank (2019).

China is in the leading position of FDI inflows in Bangladesh in 2019 by investing 1159.42 million US \$. Although Chinese investment is larger than previous year, there is a decrease in total amount of investment in 2019. It is 0.5% less than the previous year. Bangladesh government should take more step to attract more FDI to accelerate the wheels of economy. Chart 12 indicates China's FDI inflows in Bangladesh from 2009 to 2019. The remaining values are collected from Bangladesh Bank report of 2019.

Chart 12 FDI of China in Bangladesh



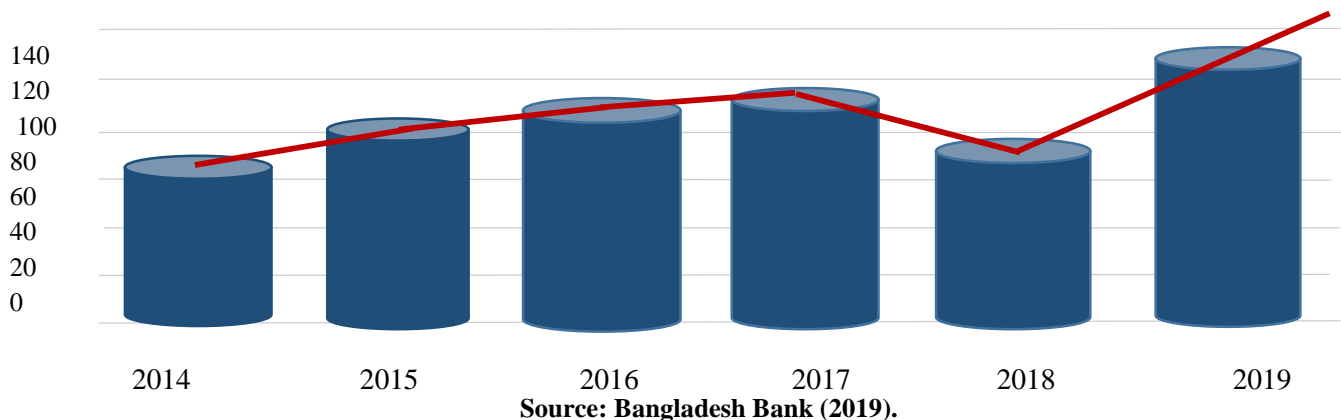
Source: Bangladesh Bank (2019).

Chart 13 indicates the FDI inflows of India in Bangladesh. The values are collected from Bangladesh Bank report of 2019.

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Chart 13 FDI of India in Bangladesh

Trend of India's FDI in Bangladesh 2014-2019 (in million USD)



After analyzing above data we can easily say that Bangladesh has all characteristics of a fastest growing economy and its economic growth is almost like the Asian Tigers' economy. This is the reason why Bangladesh is considered as the next Asian Tiger.

CHALLENGES FOR BANGLADESH

Most of the countries of world are facing a challenging time for Covid-19 and it is affecting economy of those countries badly. Although economy of Bangladesh is in stress, its policy to mitigate the bad effect are in right direction. Besides, Bangladesh has some problems in achieving rapid economic growth which is preventing it to be an Asian Tiger. According to Garber (2017), poor infrastructure is a major problem for Bangladesh in achieving rapid economic growth. It is facing difficulties in transporting goods across the country. He also added that high level of corruption has made Bangladesh a hardest place to conduct business. Capital Economists has suggested some initiative to overcome those challenges such as; 1) Bangladesh should reduce corruption, 2) simplify customs procedure, 3) make land acquisition easier, 4) ensure security, 5) ensure private sectors' access to credit. Besides, Malik (Exotix partners Head of Frontier Markets Equity Strategy) said that Bangladesh should focus on some issues like 1) earnings growth, 2) creating investment friendly environment, 3) gaining geopolitical support from regional power (China and India), 4) ensuring political stability, 5) Macroeconomic growth, 6) reducing extreme population in urban area, 7) maintaining currency stability etc. Beside, corruption institutionalized is another important issue that Bangladesh should think about it. In spite of those, Bangladesh can take some lessons from East Asian miracle to get rapid economic growth like them.

What Lessons Bangladesh can Get from East Asian Miracles?

East Asian miracle is the combination many things. It is difficult to express it in a model. All of the countries take policy and action according their necessary and they are successful in taking policy but it not means that all of the policies will be applicable in context of other countries. Although there is no guarantee of successful application of East Asian miracle policies, this miracle puts some lessons for developing countries like Bangladesh, such as:

Creating skilled manpower

Skilled manpower is very important for development. They play a vital role in utilization of natural resources in a systematic way. Besides, they help in achieving more economic growth. According to UNESCO report, literacy rate of Bangladesh in 2018 was 73.91%. Although literacy rate is satisfactory, there is lack of skill and technological knowledge among the educated people. Budget in education is lower than other sector in Bangladesh, which is a barrier to create skillful manpower. Bangladesh is mainly focusing on the quantity of education rather than the quality of education. A large number of people are becoming graduate every year but their skill is lower than world standard. Shovon (2019), points out that in 2019-20 FY; the allocation of budget for education was TK 79,486 crore which is 15.2% of total budget. The amount is big for us as a developing country but government should try to allocate more in this sector. At first, government should have focused on primary and secondary education. It can allocate 80% of its education budget in primary and secondary education like some East Asian countries who are successful in making more skilled human resources than other developing countries. Beside, government should create teaching profession more attractive by giving handsome salary and other facilities; appointment process should be meritocratic so that they can ensure quality of education and play an important role in making skilled manpower.

Institution buildings

Institutions building is an important factor for economic development and for Bangladesh it is the most important thing because both political and economic institutions are not well organized in Bangladesh. A book "Why Nation Fail: The origin of power,

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prosperity and poverty by Acemoglu and A. Robinson showed how and why institutions matters for development. Economic institutions of East Asian countries have played a strong role on making miracle in economic growth. It becomes easy to maintain political stability when political institutions work properly. Institutions should be institutionalized. What are the requirement of institutionalization? It includes participation of stockholders, transparency, accountability and good governance but when we analyze it in the context of Bangladesh; its political, economic, social and religious institutions are not institutionalized because there is lack of participation, deficit of transparency and accountability. For example, Bangladesh Bank, Election Commission and Anti-Corruption Commission cannot take proper monitoring policy, though they have much power given by constitution because they are not institutionalized. This is reason why Bangladesh should make institutions more strong and well-organized to achieve rapid economic growth.

Reducing Corruption

According to Foyez (2020), In 2019 Bangladesh has ranked 14th among the most corrupt countries of the World which is published by Global Corruption Perception Index 2019, a Berlinbased transparency international. This status of Bangladesh in corruption is very embarrassing and alarming as it continued to rank the second worst corrupt country after Afghanistan among eight south Asian countries. Besides, decentralized corruption exists in Bangladesh like other developing countries; on the other hand, in the in East Asian miracle there exists limited and centralized corruption which is better than decentralized corruption in the terms of development. Institutions building can be effective to reduce corruption as they will function properly and can satisfied the expectation of people. As corruption is one of the main barrier of economic growth in Bangladesh, it is high time to take action to reduce corruption. According to TBI executive director Iftekharuzzaman, strong political will is necessary to fight the malaise.

Export Push strategies

It is found that, there was an increasing trade deficit of Bangladesh from 2015-2019. Although Bangladesh imports a large amount of goods and services, its export is very low. Many of the East Asian Economy take export push strategies, which played an important role in achieving dramatic economic growth. Bangladesh should also adopt such policies.

Ensuring rule of law

According to the article 27 of constitution –all citizens of Bangladesh are equal before law and they are entitled to equal protection of law. Article 31 provide the guarantees to enjoy the protection of law and to be treated in accordance with law. Besides, many articles of constitutions are for protecting citizens' rights. Although Bangladesh's constitution has ensured laws for the protection of citizens and judiciary has been set up to ensure justice and fairness, the judiciary is not reflecting the constitution (Rule of law in the context of Bangladesh, November 2018). A lot of injustice have been observed. Some observers think that rule of law is very important for the economic growth of a country. Although East Asian economies failed to ensure rule of law in political area, the rule of law in economy was impressive. Bangladesh should ensure rule of law to achieve better economic growth.

Accountability

Accountability is another thing to ensure economic development. In Bangladesh accountability is not satisfactory. Bangladesh government should ensure accountability in both central and local government.

Insulated bureaucracy

The insulation process of bureaucracy of most East Asian countries include highly selective meritocratic recruitment and long-term career rewards for the members of bureaucracy which is very helpful for formulating long-term development policies and guiding their implementation. According to Machiavelli (The prince 1513), bureaucrats should first criticize the government policy. If the policy is right and for the welfare of people, they should praise it and when the policy is wrong, they should oppose it. In this way bureaucrats help in political stability and development process. Bangladesh should adopt this type of bureaucracy.

DISCUSSION

Ovi (October 8, 2020) state that during the pandemic most of the South Asian countries have been estimated to post a negative GDP growth but Bangladesh's economy is performing better than other developing countries. World Bank report estimated a 2% GDP of Bangladesh in the fiscal year 2019-20, although the provisional data of BBS's estimation is 5.24%. Mercy Tembon (World Bank country director for Bangladesh and Bhutan) said that the global economic downturn for Covid-19 will impact the economy of Bangladesh like other developing countries. However, the economic policies taken by the government of Bangladesh to mitigate this impact are in the right direction. Besides, the world Economic Outlook (WEO) said that Bangladesh is going to overtake India in terms of per capita income. UNB report points out that the per capita of Bangladesh is growing faster than its GDP. The expected per capita pf Bangladesh is \$ 1888 and Indian per capita GDP is expected to slump 10.5% to \$ 1877 and World Bank report has estimated Bangladesh will do better in GDP growth than its South Asian neighbors in FY 2019-2020. As a result, we can say that Bangladesh is in the right economic track for achieving economic development. Although it is right track,

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there are some challenges for Bangladesh. Some primary challenges are; corruption, lack of powerful institutions, gap in policy implementation and influence of other countries in policy making. There is widespread corruption in both public and private sectors in Bangladesh. Lack of political will is one of the main reason of corruption. Haque (2011) concluded that an estimation by Gustav Papanek shows that Bangladesh can easily achieve 8-10% GDP growth and create $\frac{3}{4}$ million job market every year, if it can overcome corruption, delayed decision and old mindset. Institutions are not also playing effective role in development process of Bangladesh. Strong economic institutions are very important for achieving economic growth but both economic and political institutions are weak in Bangladesh which is a handicap for it. There is also gap in policy implementation in Bangladesh and it follows Top-Down approach in policy making which is barrier in successful policy making. Sometimes internal and external factors influence the decision making and implementation policy. As a result, sometimes it cannot take policy by protecting its interest in some cases. Some observers prescribe the East Asian economic policy by which they achieved rapid economic growth, most of the policies are applicable in the context of Bangladesh. If we remind the policies taken by East Asian countries are; creating skilled manpower, industrial policies, welcoming foreign technology through FDI, expert push strategies, principle of shared growth etc. Some other factors for miracle are; rule of law, accountability, limited corruption, role of Institutions, bureaucracy etc. those policies can be applied in Bangladesh but the most important thing is institutionalization of institutions which is very important for the development of all sectors. Both socio-economic condition and economic policy of Bangladesh are favorable to its economy, although it has limited resources. Some observers have found it as an Asian Tiger. The economy of Bangladesh is facing difficulties for Covid-19 but its performance to prevent Covid-19 is very impressive as it is first in preventing this pandemic in South Asia and it ranked 20th in the world ranking (Dhaka Tribune, December 2020). Beside its flow of remittance is not hampered like other countries and its estimated GDP is more than other South Asian countries in 2020 and 2021, so we can say that will be able to overcome those challenges and will be a sound economic country.

CONCLUSION

The East Asian miracle is the combination of some policies and factors. According some observers, it is not a miracle but the result of sound economy. The most important thing is that all of the countries were successful in finding out more effective and practical policies which suits their economy. Huque (2011), Aoki (1998) and Lall (2000:7) all state that although the miracle puts a lot of lessons for other developing countries, all developing should try to identify which policies are perfect for them according to its resources and socio-economic condition rather than following the same policies in different environment and economic condition. According to IMF and World Bank report, Bangladesh in the right economic track and some observers think that there is possibility for Bangladesh to be the next Asian Tiger. Garber (2017), Neogy (2020), Saifullah (2018) all state that Bangladesh is becoming another Asian Tiger like Singapore, Taiwan, Hong Kong, South Korea (Four Asian Tigers). It should find out what is hindering the way of development and take more effective and practical policies which is suitable for its socio-economic condition rather than follow the same policy of East Asian miracle.

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