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A Herculean task

Given Bangladesh's many problems, Muhammad Yunus's government is almost destined to fail. But it also has a rare chance to improve citizens' lives

Bangladesh's new leader is facing a difficult task. He needs to rebuild a country that has been in democratic decline for decades, suffering from systematic corruption and a shattered relationship between state and society. Just 72 hours after the resignation of the authoritarian Prime Minister Sheikh Hasina – once dubbed 'Asia's Iron Lady' and driven into exile by Bangladesh's Generation Z-inspired summer uprising – a non-political interim government was sworn in. The new government is headed by Dr Muhammad Yunus – microfinance pioneer and the country's only Nobel Prize laureate – who described Hasina's departure as Bangladesh's 'second independence'.

The speed of Hasina's downfall was shocking. What started as a peaceful student protest on 1 July, demanding reform of a highly politicised quota system in government jobs, morphed into a mass anti-government revolution within just a month. This transformation was precipitated by a series of callous missteps by the government and a brutal state crackdown on unarmed protesters, including a 'shoot on sight' order. Between 15 and 21 July, a war-like situation emerged in the streets of major Bangladeshi cities as the government resorted to deadly violence, deploying heavily armed troops from the police, Border Guard Bangladesh and the notorious paramilitary Rapid Action Battalion. The ruling party's militant student wing, the Bangladesh Chhatra League, also joined in.

More than 300 people, mostly young protestors, were killed during this period. At the same time, a blanket internet shutdown was imposed from 18 to 28 July. But as photos and videos of the disproportionate state response started to emerge, the student-led protest quickly turned into a mass popular uprising, with people from all walks of life joining to demand Hasina's resignation. Two final factors that led to the eventual collapse of the government were the withdrawal of support from Bangladesh's influential army and a devastating moral defeat for the regime in the eyes of the public.

Years of accumulated issues

The sudden collapse of this iron-fisted regime has also laid bare its rotten foundations. Hasina's 16-year authoritarian rule stood on the twin pillars of persecution and patronage. The ruthless suppression of all forms of dissent required an entrenched patronage network to support an increasingly unpopular dictator who turned a blind eye to systemic corruption and economic mismanagement. As a result, in recent months, Bangladesh's macroeconomic stability has been seriously shaken by double-digit inflation, massive capital flight, low foreign exchange reserves and a deeply troubled banking sector. Decades of democratic erosion and lack of accountability have also permeated into all state institutions undermining their capacity for democratic governance.

The interim government led by Yunus and composed of civil society and student leaders has thus taken the reins of a country facing both political volatility and a fragile economy. At the same time, there is also considerable popular expectation that Yunus's government will deliver the much-needed macroeconomic stability while implementing lasting reforms to strengthen Bangladesh's fledgling democracy and prevent the emergence of another autocrat.

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This is a tall order for any government, let alone an unelected transitional one. Historically, the sole task of interim or 'caretaker' governments – headed by the Chief Justice of the Supreme Court and comprising technocrats – has been to organise a free and fair election. This constitutional provision was introduced in 1991 and was in force until 2008. Hasina's government scrapped this provision by amending the constitution in 2011. Yunus's appointment is therefore outside the scope of the current constitution. But given the severity of the current political crisis in the post-uprising period, the interim cabinet's legitimacy is undoubtedly derived from the student-led movement. And Yunus is keenly aware of this new reality. He has already included two student leaders in the interim government and was quick to acknowledge the contribution of Gen-Z in ousting the Hasina regime.

Moreover, although the constitution requires elections to be held within 90 days, it is widely expected that the Yunus government's tenure will be

considerably longer. Although the interim government has not officially addressed this issue, a constitutional solution will likely be provided to justify a one to two years term in order to tackle several overarching governance challenges. However, the caretaker government must also be aware of the need to maintain its legitimacy through legal mechanisms on an ongoing basis so that its reform agenda remains justified.

A daunting task

Of all the challenges that the Yunus administration is facing, the economic one is probably the most pressing. For now, the government needs to restore macroeconomic stability by bringing down inflation and increasing the dwindling foreign exchange reserves. In January 2023, Bangladesh secured $ 4.7 billion in financial assistance from the IMF under the Extended Credit and the Resilience and Sustainability Facilities to help maintain macroeconomic stability. In the short to medium term, the government may need to find alternative sources of public finance and take unpopular decisions such as austerity measures and cuts in government spending.

The second challenge is to re-establish a new social contract between the government and the people. The post-uprising political landscape presents a complex and volatile environment, offering both opportunities for a new start and risks of renewed unrest. After less than a week in power, the Yunus government is already under enormous public pressure to balance political and popular demands. While political parties are pressing for elections to be held as soon as possible, there is a consensus among citizens that deep institutional and political reforms should be undertaken first. At the same time, the interim government also needs to improve law and order, ensure public safety and provide security for religious minorities. Failing to visibly improve the overall security environment and public service delivery in the next six to nine months could undermine the performance legitimacy of the interim government.

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On the foreign policy front, the Yunus government will have to move away from Hasina's India-dependent diplomatic outlook and restore Bangladesh's frayed relations with Western democracies, especially the US. That India is deeply worried about losing its closest ally in a hostile region is evident from the fervent discussions in Delhi about the role of the CIA and Washington in orchestrating Hasina's downfall. But these theories are not only speculative in nature, they also disregard

the new realities in Bangladesh and, by extension, the aspirations of its people. Meanwhile, the US and India's arch-enemy Pakistan has been quick to express their support for the interim government. If India does not support the democratisation process and continues to cling to the old ruling party, it risks further alienation in South Asia.

After 15 years of democratic backsliding and systemic weakening of state institutions, restoring democratic governance and functioning institutions may prove difficult. It may also be well beyond the capacity of an unelected technocratic government. But Yunus's interim government has a once-in-a-generation opportunity to at least lay the groundwork for the next in line.



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