

# **Bangladesh's Economic Development Strategy: Hopes and Realities\***

-- *Md. Anisur Rahman*

## **1. Talking from the “departure lounge”**

Some recent events make one wonder as to who amongst us may for abnormal reasons not survive to see another Independence Day, or whether there will be an environment at all for us to celebrate another Independence Day. The country is in a state of total lawlessness; terrorist type killings and attempts on the lives of leading intellectual and cultural figures of the country who had significant roles in the liberation war have started and more are said to be in the list; fundamentalist forces are declaring in open meetings attended by thousands their plan to take over the guardianship of society by extra-legal means. Government seems impotent to deal with these forces; the party in power as well as the major opposition parties all have exposed themselves in the fond company of terrorists openly wielding fierce arms in public view; none other than the country's President is repeatedly warning of the implications of the close relation of the ruling and opposition parties with “godfathers”, but with little effect .

It is in this scenario that I have been asked by BIISS to talk on “Bangladesh's Economic Development Strategy: Hopes and Realities” as an Independence Day lecture. I must confess I am not relishing this opportunity even for personal security reasons and would have liked to talk on music instead in which also I have some proven proficiency. However, as my friend Rehman Sobhan once said in a gathering, we are in the “departure lounge” in any case, so what is really the stake?

## **2. The hopes with which we started**

The hopes with which we started were embodied in our dream of “*sonar bangla*”. This was interpreted by the Father of the nation in terms of smiles in the faces of the “*dukhi*”(“hapless”) people of the

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\* Public Lecture presented at the Bangladesh Institute of Strategic Studies (BIISS) in commemoration of the 29<sup>th</sup> Independence Day of Bangladesh, on 25 March, 1999.

land. If wealth could not immediately be brought to the door of these dukhi people, at least differences in wealth and incomes in the society would not offend one's sense of modesty. One may recall that a central motivation of the struggle for independence was the rejection of economic **disparities**. The rejection was operationally aimed at that time at disparities between the then East and West Pakistan, but the underlying social value must have embraced the question of internal relations in our own society as well if this was, indeed, a value for us. And this value was, indeed, embodied in no uncertain terms in the constitution of independent Bangladesh calling for the construction of an **egalitarian** socialist society.

### 3. The betrayal

The betrayal started within a few months after independence. It was soon clear which way the “development strategy” was moving. As early as in (17-18) October 1972 I wrote in the *Daily Sangbad*:  
*“The lavish display of ostentatious consumption that one sees in the cities of Dhaka and Chittagong after a war that spilled so much blood and was so painful, is an expression of deep contempt and insult to the poverty of Bangladesh and to the sacrifice of bangalees in the liberation war....The corruption, antisocial and unruly activities that are being seen everywhere today is the result of disillusionment on the part of the wider populace of the country about the leadership being given by the educated and ‘bhadra’ shamaj of the country....In this situation making the rule of law and disciplines tougher will not be a fundamental solution of corruption and lawlessness; on the contrary this will suppress discontent and raise the possibility of its swelling up. Disciplined social and economic progress in independent Bangladesh will not be possible until its social and economic system will appear just to its wider populace....”*

This never appeared so. Instead, a very transparent strategy of increasing inequalities and privileges for a chosen few was taken. The wider populace of the country were invited not to ask anything from the government for “three years” while privileges and incomes of an elite class were meanwhile allowed to be augmented beyond proportions, and ostentatious consumption by this class became a cruel mockery of the state of economic suffering of a vast majority of war devastated people.

There was hardly a development strategy except to increase inequalities in the country and perhaps to expect that economic growth would somehow result from this whose benefits would trickle down to the broader populace. Planning Commission's recommendations toward land reform were not even allowed to be discussed in the Cabinet nor released for public debate. And nationalization of industries was done irresponsibly, ignoring clear recommendations of all concerned quarters for efficient management of these industries as if to deliberately make them fail.

The "development strategy" of increasing inequalities was followed with increasing commitment by each succeeding government, resulting in economic and social inequalities reaching the astronomical heights that they have reached today. And it seemed that rampant corruption was encouraged by all these governments as if as part of a strategy to distribute favours to their political allies and clientele to consolidate their power.

The collapse of East European socialism was picked up as an open excuse to move toward an uncontrolled market economy and gradual abdication from the government's responsibility to provide any guardianship of the economy to promote social objectives. Socialism was redefined in the constitution as "economic and social justice" making this promise which had been flagged so colorfully in the independence struggle totally superfluous; however, no development strategy even to promote social justice of any vintage was visible. A process of reckless privatization of industries now started as a patronage distribution strategy without any concern even for the credibility of the bidders as viable entrepreneurs. The policy of irresponsible management of state owned industries continued. And there was never any concern for serious agrarian reform to create the foundation of an indigenous and organic process of industrial development.

I do not think that Bangladesh should have followed any particular model of socialism and, indeed, no particular brand of socialism was articulated as a part of the aspirations of the people through our independence struggle. However, independently of the constitutional mandate for socialism and notwithstanding the collapse of East European socialism, a development strategy for Bangladesh should

have followed its own imperatives and the need to catch up fast with the modern world as a nation. Socialism or not, an all-out national movement to attain universal literacy in a few years (say 5 years or so) should have been a first priority in a development strategy for Bangladesh, whether one liked it or not that in general it is socialist countries more than the non-socialist breed which have given such priority in their development agenda. Twenty eight years after independence we are still predominantly an illiterate nation counting every year by how many tiny percentage points we have advanced in this direction, whereas without much by way of imaginative effort we could have left this question behind us more than twenty years back. We should have addressed the agrarian (including fisheries) question head on and sought to eliminate rentier income from this sector to ensure that real producers get the bulk of the fruits of their efforts to be able to turn themselves into entrepreneurs for agrarian and thereafter for rural industries development. The human/ physical resource ratio of the country make it imperative in any case that as much of the physical resources of the land be shared both for consumption (e.g. cooperative housing) as well as for production, rather than inviting deadly tug-of-war for these resources and hijacking them with life-killing firearms in hand. We should have moved toward decentralization of urbanization in the country, not only to avoid the mad scramble for residential and transport space as well as for life-supporting oxygen in Dhaka but more importantly as part of a development strategy to bring a host of vital services within easy access for the would- be- entrepreneurs in the countryside, as well as consumer services for the population in the countryside. The latter includes very importantly quality medical care and education, which require the residence of qualified doctors and teachers who look for modern living facilities for them and for their families. Many other elements of a serious development strategy could be suggested and, of course, debated. But the powers that be never showed a serious interest even in debating what should be the priorities in a serious development strategy for the nation. And the quality of the debates that go on in the parliament do not give the impression that our leaders have the capability at all to debate this kind of questions.

Instead, our policy makers surrendered to the “donours” who move around the world offering “development assistance” conditional on accepting their prescription by way of a development strategy. The

prescription today is a “talisman” by the name of “structural adjustment policy”(SAP), supposed to be the magic pill for health and prosperity for all nations irrespective of the stages of their development, their people’s values, cultures and their aspirations, the state of maturity of their would-be private entrepreneurs, etc. Curiously, the SAP has not included agrarian reform which the earlier guardians of these donour quarters had prescribed for Japan and South Korea resulting in spectacular development, suggesting that the donours are not really interested in any serious development of countries of the south today . When such prescription fails to produce development or exposes the vulnerability of the resulting development the donours come back with analysis of what they have learnt from the “experiments”, as we had the Senior Vice-President of the World Bank coming to us earlier this month to tell us what he has learnt from the East Asian crisis and how one should, therefore, revise one’s development thinking. The recipient nations continue to remain “guineapigs” for their experiments, left to bleed from massive internal haemorrhage from which they can only recover after untold suffering and social convulsions.

#### **4. The reality today**

The reality we are living is that we have an unholy dialectics between our national leaderships and foreign interests in the country whose respective interests are in part overlapping and in part conflicting. The overlapping part consists of an interest in creating inequalities in the society so that an affluent elite class is elaborated that will provide the desired market for foreign goods and technology, and a supply of cheap labour is assured for foreign private investment to promote economic interests of the donour countries. The national leaderships themselves are part of this elite class with aspirations for ever-higher ostentatious consumption and prepared to engage in deals with the donour countries to sell “development strategy” for favours in terms of foreign “development assistance” much of which can be appropriated by this class to aggrandise themselves. The conflicting part consists of the national leaderships, being bitterly divided among them and competing for power and the concomittant favours from the donours, *not following the norms of western democracy*. They follow, instead, the norms of disruptive politics inherited from a tradition of politics of street protest and violence that does not permit the economy to settle

down to facilitate its smooth exploitation by foreign interests. This results in a dual contradiction in the whole scenario: contradiction between the broader society and the elites, and contradiction between the internally divided elites and the foreign interests seeking opportunities to exploit the economy with the collaboration of the country's elites.

Ironically, the quarter which is most favoured by this dual contradiction is religious fundamentalists. These quarters find it possible to reach the people more easily because of their acute sense of deprivation, and can point the finger at both the elites within the society as well as their foreign collaborators as obstacles to the fulfilment of the people's aspirations and call for a mobilization along religious lines against this unholy alliance. The phenomenal growth of religious fundamentalism in Bangladesh since its independence is an eloquent testimony to this observation: it is not easily conceivable that this growth would have found the required space had the promise of independence to the dukhi people of the land for an egalitarian society if not for early alleviation of their poverty, been fulfilled or even approached with credible commitment from the society's leaders.

## **5. Dreaming about a development strategy**

The nation seems to be moving toward a condition of total anarchy if not possible eruption. This movement may not be arrested unless a development strategy is taken which appears just to the people. This means reversing the trend of inequalities in the society in a convincing and visible way, monitoring this every year in public view and taking corrective measures if the trend threatens to be negative. This is very different from the current thinking and monitoring of development in terms of growth with "poverty alleviation": as I have been saying and writing repeatedly, bringing more people only above the "poverty line" which is drawn at an absurdly low level of income, and allowing rent seekers to appropriate the rest of the nation's surpluses to become multi-millionaires constitute a very perverse sense of "social justice". This is not going to convince anyone of the credibility of social justice pronouncements of the strategists except the multi-millionaires themselves and those who expect to be able to run up behind them. Having come as far as we have come in the wrong direction, development needs to be assessed now in terms of

growth with *inequality alleviation* rather than with *poverty alleviation*. This is not only because of the gross injustice in the distribution calculus but also because one's sense of poverty itself is relative and the subjective index moves up with the display of wealth and ostentatious consumption notwithstanding where the economists of the national and international establishments put the "objective" index. And a strategy of growth with inequality alleviation may in fact give us higher growth itself insofar as resources will be channelled toward producer classes from rentier classes who have so far given us little growth.

But this is admittedly daydreaming, for neither our present leaderships nor our foreign "friends" would entertain such a strategy; present leaderships because they themselves are part of the rentier class in the society, and the foreign "friends" because this would cause shrinkage of the market for their (ostentatious) consumption goods and also the supply of cheap labour for their investors to exploit. A 'revolution' of some sort would be needed to change the development strategy in this direction. I can imagine that the broader populace of the country will welcome this, to whom the current brand of "democracy" in the country asking them to choose between one or other camps of "godfathers" has little to offer. However, we do not see any revolutionary leadership in the horizon either who may deliver. And a revolution is ultimately a question of construction and not only of destruction, whereas the tiny trends of revolutionaries that exist in this country have not yet been seen to address this question of preparing themselves and the people to build and not only to destroy.

Revolution apart, there are quarters that are pronouncing that it is time to launch another "liberation war" against forces who were opposed to our liberation war that have made major advances in recent times. But there is no possibility of the broader populace of the country joining in another "liberation war" which does not address the question of their economic deprivation very credibly. The people have been promised economic emancipation before for which they have made great sacrifices only to be betrayed. From such betrayal they have taken their lessons. And these quarters are in any case not able to promise economic emancipation of the people nor are they the right forces to take on this task. There is, therefore, not going to be another "liberation war" at least in the foreseeable future.

The prognosis for the near future is, therefore, rather bleak for those who wish to see the nation stand up and move forward. It may become brighter for the distant future provided that patriotic forces emerge who would take lessons from the many past mistakes, forge organic bonds with the broader populace of the country and would be able to unite them, and would prepare themselves and the people for the task of healthy reconstruction of the society.

On the Independence Day today I pay my homage to the martyrs of the liberation war and to the heroic fight of our people to win the war. And let us all search how we can prove ourselves worthy of the struggle of our people to give us a nation.