Working of Democracy in Bangladesh

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Introduction

Bangladesh’s journey towards democratisation started with great expectations when in 1972 it adopted the Constitution of the country with four guiding principles of nationalism, democracy, socialism, and secularism. The Constitution had all the democratic ideals – a unitary and parliamentary form of government, multiple parties, elections on the basis of universal adult franchise, fundamental rights, and freedom of the judiciary (Jahan, 2000: 5). But within a few years in 1975, the then Sheikh Mujib government amended the Constitution to make room for one party presidential form of government in the place of multi-party system with restrictions on the freedom of the press and the judiciary. That was a first major blow to the Constitutional history or democratic journey of Bangladesh. In fact, this amendment or the 4th amendment generated far-reaching consequences on the political process and governance of Bangladesh. With this amendment the basic democratic institutions like political parties, constitution, executive, legislature and judiciary, press and media, Election Commission such democratic organisations turned into autocratic ones. The process of constitutional amendment for political manoeuvring continued for a long period. For instance, in 1977, through a martial law ordinance, secularism was dropped from the guiding principle of the state and socialism was redefined to mean economic and social justice. Again in 1988, Islam was declared as state religion (Amran, 2002). After the assassination of Sheikh Mujibur Rahman in 1975, the country was ruled by the military rulers. However, the democratic governance was resurrected again with the toppling of General Ershad and the coming of Begum Khaleda Zia into power through a free, fair and democratic election in 1991. With this a fresh start of Parliamentary democracy and Constitutionalism became operative in Bangladesh. Since 1991, three elections were held and two Parliaments served their full time.

Nevertheless, it is undeniable that, since its inception in 1971, Bangladesh has suffered from the problems of nation-building, sharpening ideological and religious contradictions. It has been further exacerbated particularly during and after the 1990s with the making of inroads by certain supra-state authorities involving donors and Brettonwoods Institutions in terms of their growing involvement in the political governance of the state. This is because, onset of globalisation or communication revolution could not bring much-coveted development in the country; on the contrary, the free market dogma has resulted in lack of prudential opening of market, and corruption at an unprecedented rate. Rather adoption of privatisation or trade liberalisation efforts offered the opportunities to the rulers for designing the policies in a manner that could help creating their political support base at grass root. However, it is also true that even the state led development
programme, which the country experienced during 1972-1975, was no exception in this regard. As a result, corruption and as a spin off, money laundering and a distorted nature of the market economy have their repercussion on democratisation process of Bangladesh, irrespective of any political party in power since the independence of the country. Whichever government - either military or democratic has been in power, they have used the state’s regulatory capacity - direct or indirect to enhance patron-client relationship for the consolidation of their power. Therefore, problems like violence, conflicts, and corruption still haunt Bangladesh society and the body politic, though there are some attempts to consolidate the country’s democracy. The country is still sharply divided along political lines, especially Bengali vs. Bangladeshi nationalism, or as political parties – Awami League (AL) versus Bangladesh Nationalist Party (BNP) - with each political group seeking to recruit political cadres and divide the nation to its cause. Not only so, political parties consistent endeavour particularly since 1991 to rely on the hitherto developed patron-client relationship for being in power contributed to the alliance building with certain extremist religious political parties for either launching anti-government movement or winning election. For example, before the 1996 election, Awami League built alliance with Jamat-e-Islami to launch an agitation against the then government. Similarly, BNP formed an election alliance with some religious political parties for winning the 2001 election.

In examining this trend, this paper is comprised broadly of two parts. First part of the paper looks at this trend from a periodic perspective in terms of the ruling years of the subsequent regimes. In doing so, this part discusses, more elaborately, the regime-wise major socio-economic and political policies to examine the consistency of the successive regimes in their effort to manoeuvre development policies of the state. Depending on the trends, the second part to assesses the political developments of the country through highlighting some recent trends. This is because these trends are very much relevant to any discussion over democratisation process and politics in Bangladesh. However, the paper, while analysing these trends, takes the transformation of global political economy into account to look at how this shift came also as blessings to the successive parties in power for creating support base and legitimacy at domestic as well as global levels.

With this in mind, the first part of the paper proceeds in three sections. Section-I evaluates the early years of Bangladesh development policy characterised by patrimonialism that were followed under the government led by Sheikh Mujibur Rahman. Second-II evaluates the continuation of the trend under the two military Generals- Ziaur Rahman and Hossain Muhammad Ershad and examines how
these regimes helped develop the nexus between business and politics to set the stage for political manoeuvring. Finally, section-III of the first part analyses whether these trends transformed under the democratic regimes in the aftermath of the 1990s. The periodisation of economic development into separate sections entails also the shifts of focus in economic development as a result of the shift in global political economy.

**Part-1: Periodic Perspective of Politico-economic Development**

*I. Mujib Period: Failed Experiment of Socialism and the Rise of Nouveau Riche Class*

Assumption of power by the Awami League under the leadership of Sheikh Mujibur Rahman coincided with the major macro-economic issues that emerged immediately after the Liberation War of 1971. It included three major gaps such as food, fiscal and balance of payments (CPD, 2004: 295). Micro-economy of the country was also characterised by low per capita income, low savings, low investment, and low productivity, which were identified as the elements of vicious poverty circles by Ragnar Narkse (Ibid; also cited in Martinussen, 1999: 57). It coincided with several setbacks like oil shock and unprecedented inflation in world economy followed by the abandonment of Bretton Woods System in December 1971. In response to such external and internal economic scenarios, Mujib government adopted populist economic measures, which were in consistent with its 1970 election pledges of implementing socialist economic policies (Hossain, 1996: 63). Therefore, the AL government pursued a development strategy of state intervention and controls over trade sectors, service sectors, industrial enterprises, agriculture inputs, price etc. between 1972-1975 (Sadiq, 2002).

However, the implementation of state led development policies witnessed growing culture of political patronage and smuggling contributing to the deterioration in economic performance causing famine eventually in 1974 (Hossain, 1996: 66-67). For example, on the one hand, for satisfying its leaders, the AL government appointed its political activists in high posts of the nationalised industries, which resulted into smuggling of spare parts and raw materials outside the country. On the contrary, responsibility of distribution of products remained in the private sector dominated by the businessmen having close links with the AL regime rather than of the professional traders (Guhathakurta, 2002: 20; Moniruzzaman, 1988:159). This process of political patronage escalated into giving birth to a *nouve riche* class, despite the fact that the overall economic performance of the country was not minimally satisfactory (Moniruzzaman, 1988: 159).
In the same manner, the First Five Year Plan (FFYP) of the government, aiming at building strong institutional base for rural development on the basis of Comilla Model of Integrated Rural Development Programme (IRDP)\(^1\) met with similar fate. Like the government’s state led development programme, this strategy of rural development ‘from the above’ also saw an alienation of the masses from the development process of the state (Zafarullah and Khan, 1986: 3-5). In effect, this alienation process contributed to weakening of the confidence of the former over the regime in power and vice versa. Therefore, the government for the fear of losing power resorted to exploitation of some other extra political measures to remain in power. For example, although AL won 307 of 315 seats in the Parliament election of 1974, it did not recognise the combined opposition as official opposition in the parliament (ziring, 1994: 96). Instead, in January 1975 constitutional amendment was made by the AL to make room for a one party presidential form of government by imposing ban on newspapers and placing restrictions on judiciary. Also, Mujib created his single party called Bangladesh Krishak Shramik Awami League (BAKSAL) dissolving all parties and his close supporters promoted a personality cult around the doctrine of ‘Mujibism’ (ibid: 94). All these contributed to the denigration of democratic values immediately after the independence of Bangladesh and anti-AL sentiment started to grow in the country upon which the later regime cashed on.

II. Post-Mujib period: Business-politics nexus

The post-Mujib period witnessed two major shifts in politico-economic development of the country. On political front, the first military regime under the leadership of Major General Ziaur Rahman adopted the approach of mobilising anti-AL forces. This approach saw the regime’s reliance on bureaucrat-military nexus as well as on Islamisation of its political programmes. It eventually led the successive regimes to the establishment of a dependent relationship with those forces for political support from which the country has not yet got rid of.

\(^1\) It was a "people-oriented" development model promoted by the Academy for Rural Development of Comilla under the leadership of its director, Akhter Hamid Khan. This development strategy was based on a close relationship among the lowest level of the administrative hierarchy of the government and local self-governing institutions, a clear understanding of the need for economic reorganisation of villages, the active participation of organised occupational groups in developmental activities and in decision-making and implementation, the need for continuous training of extension agents and greater investment of the government in rural activities. There were four guiding principles for the project, which included adequate organizational input, mobilization of rural savings, and agricultural inputs and training.
On the other hand, on economic front, there occurred a fundamental shift in the development strategy as the Zia regime abandoned the state-led economic development approach to generate a market friendly economic and development structure to satisfaction of western powers (Quadir, 2000: 502). This shift in economic policy served two major purposes: i. it confirmed that the state was no longer a socialist one which helped the regime later to earn the confidence and support of western powers; ii. it eventually set the stage for the successive regimes of the country to embark on the policy reforms of the WB and IMF.

Zia regime (1976-1981)
Taking over of power by Major General Ziaur Rahman as a beneficiary of the coups and counter coups that followed the brutal killing of Sheik Mujibur Rahman and his family members by a section of army officers between 15 August and 7 November of 1975 was accompanied by a kind of legitimacy crisis and lack of popular political support. General Zia endeavoured to overcome these difficulties by initiating populist measures involving both political and economic programmes. On political front, he took measures to thrive on the wrong doings of the Mujib regime in terms of obliterating certain democratic values involving ban on the freedom of press, establishment of one party rule etc. In July 1976 party activities were permitted. Secularism as a state principle was dropped from the constitution and was substituted by “absolute trust and faith in Almighty Allah.” To create the political support base, he mobilised the anti-AL forces including the Islamic Parties who collaborated with the Pakistan Army during the Liberation War of 1971. Also, he manipulated the electoral institutions for the legitimacy of his regimes rule. A series of elections were held under martial law before it was lifted in April 1979 when parliament was convened.

Similarly, economic policies adopted by the regime also witnessed this trend of political manoeuvring based on patron-client relationship at grass root level. In fact, Zia government’s development strategy was based on the model of Ayub Khan government during Pakistan period, which gave emphasis on export-oriented industrialisation in private sector (Maniruzzaman, 1988: 210). The Zia government’s emphasis on developing private sector also found expression in the New Industrial Investment Policy of 1978, which brought change in the incentive structure for foreign investment. The government’s focus on private sector development was supported by the

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2 Revised Industrial Policy of December 1975, which fixed a ceiling of TK. 100 million on foreign investment, also contained a provision for compensation to those who incurred financial losses as a result of the nationalisation programme of the previous government.
3 It guaranteed remittance of approved royalties and technical fees, and exemption of income tax on salaries for foreign technician. Moreover, as part of the effort to increase private investment, the government promulgated the Foreign
deregulation of the economy as the regime followed a disinvestments programme for which the disinvestments board was set up and direction was made to Development Financial Institutions (DFIs) to offer financial support to private entrepreneurs (Quadir, 2000: 502).

The Zia government’s focus on private sector based better economic performance also witnessed measures aiming at reducing the budget deficit, reforming the public sector, withdrawal of subsidies on food. Fertilizer, and petroleum, and liberalising trade regime under the impact of the conditionalities imposed in the IMF/World Bank initiated reform programmes. Indeed the fundamental shift in development philosophy of the Zia regime was obviously manipulated for the political patronisation by state. Difference with the previous regime lies in the fact that the Mujib government already had an established popular political party at his disposal which provided the necessary support base while the Zia regime’s development strategy and economic reform programmes were exploited more for the need of creating and thus consolidating political support base among the influential elites of urban and rural areas. As a result, like the previous regime, the government did not make any serious effort to improve savings and mobilise domestic resources for investment for economic development. Moreover, they did not encourage financial institutions like the Bangladesh Bank to formulate and implement stricter credit policy, ignoring large-scale tax evasions and non-enforcement of legal provisions (Quadir, 2000: 504). This is because lax in credit policy would provide the potential defaulters close to the regime with the scope of get away with banks’ money. Not only so, most State Owned Enterprises were sold to businessmen for ‘give-away prices in a very non-transparent manner under the subsidized credits provided to the buyers from public fund. As a result, a ‘symbiotic relationship’ developed during this period between the government and the business (Ibid: 505). This relationship became evident in the Parliamentary Elections of 1979 as 28% of the MPs, belonging to the ruling party BNP, emerged as the dominant professional group. Moreover, the appointment of four businessmen as cabinet ministers and occupation of 33.5% ensured that the large trading families are now sharing state power.

Private Investment Act in 1980 ensuring non-discriminatory treatment between foreign and local investment and protection from state expropriation, repatriation of proceeds from sale of shares and profits. It also followed the effort of the government to establish export-processing zone under the BEPZA Act in the same year.

These reform programmes came into economic scenario, with the formation of the Bangladesh Aid Group in FY 1975 and devaluation of the Taka to foster competitive exchange rate policy. The government also took measures for tax reforms, export growth and foreign exchange reserve management under the IMF’s Extended Finance Facility (EFF) programme. As the government during this period began to implement the reform programmes, both multilateral and bilateral donors which mainly included the IDA, IDB, the USA and USSR responded with providing aid in the forms of import programmes credit, project aid, food aid and commodity aid.
Similarly, for broadening the power base in the rural areas, the Zia government adopted agricultural development based ‘multisectoral programmes’ to use his ‘self-reliant movement’ as a ‘diving board’. It was incorporated in Zia’s 19-point programmes, which eventually provided the platform for the Two Year Plan, 1978-80. Zia’s self-reliance movement was planned to be implemented by a grass root governmental institution- gram sorkar (village government) with the responsibilities of supervising the tasks of increasing food production, eradicating illiteracy, reducing population growth, promoting rural cooperatives, and undertaking police functions.

However, this rural development strategy of the Zia government also demonstrated that the extent of participation in the ‘self–reliance movement’ varied depending on the economic status of the rural people (Zafrullah and Khan, 1986:10). In this regard, in one study, it was found: "participation was lowest among the landless [while]... higher landownership was associated with wider participation” (cited in Zafarullah and Khan, 1986: 10). Therefore, most gram sorkar went under the grip of the individuals belonging to dominant social groups in a village emerging eventually as trouble maker for ordinary villagers by "creating and sustaining hostility and dissension among them” (Ibid).

Ershad regime (1982-1990)

Lt. General Hussain Mohammad Ershad’s coming to power through a bloodless coup against a democratically elected few months old Abdus Sattar’s government in 1982, coincided with some deteriorating external and internal economic scenarios. His political strategy for the consolidation of his power was similar to that of the previous regime.

Ershad destroyed all the democratic norms and his regime is considered as the worst one as he promoted unprecedented corruption not only in politics, but in every sphere of life. In 1988 he amended the constitution to make Islam as the state religion. He followed the previous regime in organising his own party, first in 1983 as the Jana Dal and later in 1986 as Jatiya Party (JP). Under state patronage he arranged many elections like a national referendum in 1985, a parliamentary and presidential election in 1986 and another parliamentary election in 1988 but these were farcical and

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5 In a village where such sarkers were formed, gram shavas (village parliament) formed through consensus and consisting of a gramprodhan (village chief) and eleven other members representing various interests - landowners, landless, artisans, women and youth. The Second Five Year Plan, 1980-85 was also launched admitting Gram Sorkar as a viable institution to ensure people’s participation Moreover, the government also attempted to give a boost to its self-reliant movement by its continuation of agricultural subsidies and by excavation of canals in rural areas as well.
were aimed at creating more legitimacy for his government. All these contributed to the damaging of people’s trust on the state machineries if there was any.

On economic front, the government, relying upon the development strategy of the previous regime, also declared the New Industrial Policy (NIP) in 1982 to intensify the privatisation programmes and allocate the private sector the major role for making rapid progress towards industrialisation by providing credit facilities to the private sector, disinvesting state owned jute and textile mills and activating EPZs for attracting foreign investment. It also followed measures like liberalising import procedures, bringing change in the incentive structure for private investment, greater autonomy to public sector management (Shahabuddin et al, 2004: 51-52). However, with regard to those measures, there was no adequate evidence that these were done at the insistence of the donors. Rather the measures were adopted to win back the confidence of the donors as their dissatisfaction with the slow progress over reform programmes caused the termination of the EEF and IDA programme credits in the beginning of 1982 (CPD, 2004: 297). In return, the government had to accede to the structural adjustment measures under the Annual Import Programme Credit (IPC) of IDA for policy reforms, budget management, and efficiency improvement, which attached conditions of cutting down subsidies on food, fertiliser, irrigation, and undertaking privatisation of agricultural input distribution and trade and industrial policy reforms (CPD, 2004: 298-299). The announcement of the Revised Policy of 1986, which mainly aimed at speeding up the privatisation of the SOEs, allowing private management companies to run public enterprises, incorporated the prescription offered by the WB/IMF under the structural adjustment measures. The structural adjustment measures followed by the Ershad government could not bring about any significant improvement in terms of both micro and macro-economic stability. Instead, the implementation of reform measures prescribed by the donor partners was accompanied by the

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6 Therefore, the government also had to carry out measures for the deregulation of financial sectors and liberalisation of the import regime. In this regard, a National Commission on Money, Banking and Credit was formed in 1986 for the identification of problems and advise reform measures for improving the efficiency of the management in the financial sector. Also, for attracting FDI the government established the Board of Investment in 1989.

7 Micro-economic indicators like savings and investment did not experience any significant change on the one hand, performance in domestic resource mobilisation, on the other, remained dismal. As a result, dependence on foreign aid reached a crisis point. During the period of Ershad government, 60 per cent of its investment, 85 per cent of its development budget and 68 per cent its commodity imports came from foreign aid. Also, the country’s debt-service ratio reached 30.6 in FY 1987. Even during the period covering the 2nd Five Year Plan, the country achieved an average GDP growth 3.8 per cent against the targeted growth of 5.4 per cent. Also, inequality in terms of income distribution both in urban and rural areas continued to go up. For example, the Gini index for rural income inequality grew from 35 per cent to 36.4 per cent between 1983/84 to 1991/92, and also, the income inequality in the urban areas increased more rapidly. However, extreme poverty situation experienced an upward trend, which coincided with many other factors like growth
heightening of the trend in wealth accumulation by the business elite close to the regime through misappropriation of public resources (Quadir, 2000: 507). By the end of June 1990, total overdue to the DFIs including the principle amount and interest stood at about TK. 1100 crore and 96 per cent of the total private sector borrowers were classified as defaulters (Abdullah, 1991: 23). Also the establishment of Financial Loan Courts in 1986 was not really operative in recovering the loans due to the political nexus already developed between state and defaulters. Furthermore, privatisation of financial sector witnessed that, by the end of the 1980s, a group of 34 families was successful in accumulating a deposit of TK. 25.38 billion and also TK. 17.59 billion as earning asset giving a rise to a new ‘banking bourgeoisie’ class in Bangladesh. With the some exception, almost all of these families were identified as defaulters (Nuruzzaman, 2004: 41; Abdullah, 1991: 30-31). Also, the liberalisation of import regime and increased flow of aid contributed to a significant growth of indenting firms. By 1988, there were about 74 major indenters registered with the Trade and Industry Directory. But the interesting aspect of this growing indenting business was that 50 per cent of these firms were owned by a major business groups (Abdullah, 1991: 33).

Not only so, Ershad assumed the responsibility of sanctioning projects without undertaking necessary review by the Planning commission, the Finance Ministry and the concerned Ministry prior to the sanction. It offered the scope for Ershad to appropriate wealth for himself and his political followers (Cited in Moniruzzaman, 1994: 155).

On the other hand, with regard to rural development policy, General Ershad relied on his strategy of administrative decentralisation, which gave way to the introduction of Upazilla system of local governance with the transformation of thana into Upazilla in 1983. Upazilla porishod (councils) were assigned the responsibilities of formulating development plan, implementing, monitoring and evaluating all development plans and programmes as well as promoting employment generation activities and planning and execution of rural works programmes (Cited in Zafarullah and Khan, 1986: 11-13). But it also witnessed a similar policy of promoting a nexus between the rural elites and the state like the previous regime. For example, in most cases, the candidates got elected as Upazilla Chairman in the Upazilla elections with overt support from the regime (Ibid) and with the allocation of TK. 10 billion under the Third Five Year Plan for infrastructure building, the Ershad government designed the administrative structure to mobilise his supporters in the "representative" of HYV; increased flow of remittance from the workers working abroad; the increasing activities of the NGOs for poverty reduction during the period.

8 It included BEXIMCO, Navana and Dhaka Fibres Ltd, Desh United Suppliers, A. A Enterprise etc.
9 the Third Five Year Plan, 1985-90 (TFYP) of the Ershad government aimed at employment led poverty reduction approach in both farm and non-farm sectors of the rural areas by offering the opportunities for technological advancement and skill-development to the rural population.
bodies. Again, the nexus between the influential rural elites and the ruling Jatiya Party government further strengthened as privatization of agricultural inputs distribution system produced a new dominance of the large landowners by capitalizing on the fertiliser and pesticide trade (Nuruzzaman, 2004: 47).

III. Post-Ershad Period: Disenchanted Democracy

The removal of the autocratic regime of Ershad through political movement corresponds with changes in both external and internal economic settings. Firstly, with the change of the Ershad regime, the government came to power through a first ever election, which was held under a Caretaker Government demonstrating a lot of promise for democracy in Bangladesh. The euphoria about the prospect of democracy reached its highest point as it offered a democratic context in decision-making (CPD, 2004: 303). Also, externally, the world witnessed a transformation of the world as a result of the end of the Cold War giving rise to the emergence of the so-called ‘Washington Consensus’. It was characterised by the WB and IMF’s emphasis on democratic set up and market economy. Also the emergence of Washington Consensus coincided with the change in the WB’s policy approach as the 1990 World Development Report suggested the developing countries and donors need to focus on the eradication of poverty with economic reforms and productive investment for social development (Ibid). This period also witnessed a shift of the donors’ concerns from economic sphere to non-economic sphere of governance. For example, in the Aid Group Meeting of 1991, USAID, pointing fingers to the State Owned Enterprises, drew attention to the problem of corruption in maintaining democracy and investor confidence in Bangladesh (CPD, 2004: 326)

However, the transformation of the global political economy with the dissolution of the Soviet Union, which was accompanied by the wave of world-wide democratisation, could not bring about any qualitative shift in the domestic political front in terms of inculcating the real democratic values. Rather this transformation gave way to the growing involvement of the donor communities even in the matters of political governance in the name of speeding up economic reform programmes.

BNP regime (1991-95)

Though Khaleda Zia’s taking over power in 1991 created much enthusiasm at home and abroad for greater legitimacy of her government, her regime failed to provide any qualitative change in the
democratic governance. The two major political parties joined their hands for establishing parliamentary democracy, but soon their rapprochement evaporated for a variety of reasons. One of the major issues was free and fair elections as Awami League alleged that BNP had used state apparatus to rig by-elections. This allegation ultimately transformed into a big political movement by the major opposition parties for elections under caretaker government to ensure free and fair elections. Allegations in the elections reached its peak after Magura by-election, when such allegations were proved to be correct even by the various civil society groups. But demand for caretaker or interim government to conduct election was refused by the BNP as there was not any constitutional provision in this regard. The movement got its movement with the resignation of Awami League from Parliament in December 1994 that ultimately led Khaleda Zia to dissolve the parliament and to arrange a voter-less farcical election in February 1996. But finally Khaleda Zia had to step down from power by accepting the provision of a neutral government, under which fresh elections were held bring Sheikh Hasina into power.

On economic front, the democratically elected BNP government began their journey with the expressed commitment to carry out the reform programmes, prescribed by the IDA and IMF. For example, the government, for availing the Industrial Sector Adjustment Credit (ISAC) II, made commitment to the development partners in the Development Programmes Letter (DPL) of June 1992 that the new government would rely on ‘the system of free enterprise’ for speeding up the social and economic development (CPD, 2004: 310). The most striking aspect of the government development policy was that the Fourth Five Year Plan (1991-1995) 10, which was supposed to be the political document of a government, were made consistent with the conditionalities attached under the Extended Structural Adjustment Facility (ESAF) (CPD: 306).

As a result, under the donors’ pressure, the country during the period experienced a rapid pace in the implementation of reforms measures for trade liberalisation, privatisation, sectoral performance and efficiency improvement, export promotion, growth in FDI domestic resource mobilisation etc. In this regard, the 1991 Industrial Policy aimed at massive privatisation, the elimination of the subsidy in the jute sector, diversifying the country’s export base.11

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10 The Fourth Five Year Plan (FY1991-1995) aimed for achieving annual GDP growth of about 5% per cent with low inflation and improvement in balance of payment, increasing domestic savings, reducing of budget deficit suggested by the donors.

11 The 1991 policy also provided for tax exemption for foreign investors on the interest of foreign loans, royalties, and technical assistance. It was also supported by allowing them to receive loans from financial institutions and import machinery without any hindrance. Tariff regime of the country also began to be liberalised. However, in the later years,
But it is not only the pressure of the development partners or the IMF/WB or the obligations of the WTO regime for which the government undertook massive reform measures. The growing nexus between business and politics also contributed to the opening up of the economy, as they were not satisfied particularly with ‘the slow pace of trade reforms’ of the previous regime involving import liberalisation. It was because BNP had historical reliance on business groups, which was eventually demonstrated in the National Parliamentary Elections of 1991 (Quadir, 2000: 510). Of the newly elected MPs of BNP, 94 were from business and industrial background. It was also same for the other parties. For instance, 33 per cent of the candidates of the major party Awami League and 33 per cent of the Jatiyo Party were also businessmen and industrialists (Ibid). This upward trend in the participation of business people confirms that the patronisation of state in giving rise to this class over the years has eventually produced a relationship of dependence. As a result political parties of the country are now relying more on their money power and social influence for winning elections and coming to power. This kind of relationship prevents the government in taking decision independently. As a result, like the previous governments, a lack of enforcement mechanism continued to contribute to assisting big business appropriate public resources for private gains. For example, although there was Financial Loan Courts, they failed to make any significant contribution in terms of recovering overdue loans from the defaulters (Quadir, 2000: 517). Also, opening up of telecommunication sector saw a ruling party MP owned City Cell monopolised the cell phone service markets as no other cell phone service provider was allowed to operate in.

The growing influence of business reached a new height at the flag end of the BNP regime when business community eventually intervened in the political crisis erupted during 1994-1996 after the failure of the British Commonwealth Secretary to mediate between the opposition and ruling party. The crisis originated from the resignation of the opposition from the parliament in demand of holding the National Parliamentary Election under a neutral caretaker government. The first intervention was made in 1994 by Salman F. Rahman, a leading industrialist and the President of the

Value Added (VAT) Tax and Supplementary Duty was introduced. Also, the government adopted a comprehensive Export Development Strategy, which mainly dealt with the restructuring of Board of Investment and Export Promotion Bureau, the removal of constraints, expansion of markets and diversifying export base. The programmes under the export strategy also dealt with EPZ areas, bonded warehouse system, duty drawback/cash compensation schemes including bonded warehouse facilities for non-RMG items, introduction of voluntary pre-inspection shipment (PSI). 100 per cent foreign owned firms were also permitted to operate outside the EPZs. Moreover, under the Financial Sector reform, a number of accounting, supervisor and management oriented reform, and market determined liberalised interest rate policies were launched with the exception in agriculture, small-scale industry and export sector. The ISAC-II also saw the government’s commitment to reform and open up power and telecommunication sectors. As a result the government adopted the National Energy Policy in January 1996. Moreover, the emergence of the World Trade Organisation (WTO) after 1994 contributed to the trade liberalisation oriented policy reform instead of tariff reform for the removal of anti export bias in trade policy.
FBCCI whose repayment of bank loan record was very dismal as he proposed both opposition and ruling party to have a dialogue under the sponsorship of the FBCCI (Abdullah, 2002: 167). The second intervention came in November 1995 when the community expressed their frustration over the government’s and opposition’s failure to reach a compromise over the issue of caretaker government. The most interesting intervention was made in February-March 1996 when the community, abandoning its neutrality, urged all spheres of people of the society to join a public protest to demand the resignation of the government and holding of the election under a neutral caretaker government (Ibid).

On the other hand, in terms of popular economic policies for attracting rural support, the government withdrew certificate cases against the farmers for becoming defaulter in paying back agricultural loans and also decided to withdraw land tax for up to 25 bighas of land. But it was not enough to halt the growing income gap between haves and have-nots. For example, in the context of land ownership in the rural areas, between 1988 and 1995, there was no shift in the ownership pattern. The bottom 40 per cent held two per cent proportion of land, while the top ten percent owned 50 per cent of the land and also the richer section of the rural population occupied 88 per cent of the government owned land and water bodies were unlawfully (Barkat, 2003: 49).

Also, the BNP regime relied on the political programmes of 19 points enunciated by their Leader Ziaur Rahman, and of Gram Sorkar for rural development. Therefore, they abolished the Upazila Porishod to replace it by thana administration. But abandonment of the Upazila Porishod did not witness any major change as no initiative was taken by the government for providing an elected body either in thana or the district which eventually resulted into the centralisation of authority and concentration of power in the hands of bureaucrats and ruling party politicians.

AL regime (1996-2001)
Sheikh Hasina formed what she called a “national consensus” government with Jatiya Party and JSD, two small parties in the Sangsad, keeping BNP outside of the government as BNP refused to join the national consensus government of AL. Sheikh Hasina’s regime had several successes in resolving some long-drawn national problems like the Chittagong Hill Tracts crisis and Ganges Water dispute with India. A thirty Ganges Water Sharing Treaty was signed in 1996 with India, and in 1997 a peace treaty was signed with Shanti Bahini to end the Chittagong Hill Tracts problem. However, there was very little success as far as governance is concerned. Organised crimes and violence, especially by the government party cadres like Jainal Hazari of Feni district and others
under government patronage were strongly criticised by the opponents and the media. Corruption was rampant, opposition political parties complained about election rigging in the by-elections. Unconstitutional privileges for the Prime Minister and her family members angered not only the common people but her party colleagues at large.

The election win of the AL witnessed a major break with the past as it abandoned its socialist economic policy to officially embrace a commitment to a free market economy, liberalisation as well as privatisation which were in consistent with the development partners’ so far prescribed economic development strategy for the country. It found expression in the Fifth Five Year Plan (1997-2002). The plan also was envisaged for poverty alleviation, human capital development, literacy improvement, and self-sufficiency in food production and good governance.

However, regardless of the economic development policy declarations, the Bangladesh economic performance remained lacklustre, particularly in terms of macroeconomic stability. The newly elected AL government had to share the burden of the eventual economic downslide emerged particularly in the middle of FY1996. It was actually caused by the chronic strikes and political unrest of almost two years in demand of election under a neutral caretaker government, which brought macro-economic instability eventfully as foreign currency reserve came down to USD 2.26 bln in 1996 and also government’s deficit increased to over 6.25 per cent during the period due to higher current account expenditure, deficit in food account, and higher ADP expenditure with a smaller share of foreign aid leading to a sharp increase in bank borrowing by the government (CPD, 2004: 320). Eventually, by 2001/02, foreign currency reserves stood at USD 1,478 and the government’s borrowing from the banking sector reached almost 7 per cent of GDP in the same period from 4 per cent of GDP in 1997 (CPD, 2004: 17).

Also, the government’s privatisation initiatives witnessed a sluggish approach as only 21 SOEs were transferred to private owners out of the 217 SOEs identified for sale/disinvestments. To speed up the process the government enacted a ‘privatisation law’ in 2000 to elevate the Authority of the Privatisation Board to that of a Commission. But the outcomes did not witness any significant shift due to default in payment of instalments (Shahabuddin, 2004: 53). As a result, 125 SOEs still left for being privatised in 1999/00 incurring a loss of nearly 4.3 per cent of GDP. Financial Sector Reform Initiative also failed to prevent the upward trend in loan default.
Against the backdrop of the slow progress in implementing the reform measures, this period saw how the issue of governance crept in the Bangladesh Development Forum Meeting, held in April 1999. In the Meeting, the Vice President of the WB made observation that the government needs to reduce corruption and improve law and order situation for speeding up the process of decentralisation. Similarly, the Country Strategy Review for 1998-2002, the DFID opined:

DFID needs to improve its understanding of the political dimensions of development and engage at the highest level of government but also continue working on improvements of accountability and reform in a pragmatic way on the ground”. (Cited in CPD, 2004: 325)

Therefore, it marked a watershed in donors’ approach towards reform measures. Previously, during the autocratic regime of General Ershad, the donors did not take the distributional constraint of unequal asset base and unequal market power into consideration when 112 per cent of the national development budget came from donors. But the transformation of the country from autocratic to democratic regimes and decline in foreign aid with the increasing integration of the national economic with the global economy gave way to involvement of the donors in the non-economic governance issues.

However, like other regimes since the independence, there was no dearth on part of the AL in adopting populist economic measures. The government undertook different kinds of safety net programmes like Food for Work, Vulnerable Group Feeding, special programmes like old age pension scheme for the elderly poor, housing scheme project, and special programmes like Kormo Shongstha Bank (employment bank), youth training and self-employment centres. But these programmes could not escape the traditional criticism that these populist measures do not reach the genuinely deprived segments of population. Rather, the party activists and their relatives are the major beneficiaries of such programmes in most cases.

BNP regime (2001-present)

With two third majority in the parliament, BNP, after taking power, has taken up extra –judicial measures to kill wanted criminals in cross-fire, raising much controversy at home and abroad. Moreover, the Awami League continued the long-tradition of boycotting the parliament by the opposition parties, making the functioning of effective parliamentary democracy largely impossible. The rise of Islamic militancy throughout the country has further brought this country under global media attention – combating this challenge has become the single most greatest challenge of the government.
BNP’s win in the National Parliamentary Election in 2001 and its formation of the government mainly in alliance with some ‘Islamic parties’ like Jamat-e-Islami Bangladesh, Khelafat Majlish did not witness any fundamental shift from the traditional development strategy the governments are pursuing that mainly centres around the development partners’ prescribed economic reform programmes based on the ideas of economic liberalisation, privatisation, and above all globalisation. Also, their election manifesto incorporated the donor’s long cherished demand of establishing an Ombudsman Office and an independent Anti Corruption Commission. The party also committed to disclose the statements on the assets owned by their party leaders. But no indication has been made yet to materialise this election pledge. However, this period witnessed a government’s sudden decision to disinvest the Adamjee Jute Mills in 2002 with the golden handshake programme, which was claimed to be the largest jute industries in Asia and also the government obliged to IMF’s demand of adopting a market driven exchange rate policy to get IMF loan under the Poverty Reduction Grant Facility (PRGF), though the Finance Minister of the country expressed uncertainties about the prospect of accepting IMF’s advice of introducing market driven exchange rate policy (CPD, 2004: 156).

In terms of economic performance, the government was doing better in macro-economic management. The export sector saw a growth of export earning of 9.4 per cent over the previous year. (CPD, 2004: 49 & 51). However, the completion of Fifth Five Year Plan in 2002, Bangladesh’s poverty reduction policy was overtaken by the Interim-Poverty Reduction Strategy titled A National Strategy for Economic Growth, Poverty and Social Development which was formally presented to the Board of Directors of the WB and IMF in June 2003 for getting access to aid of the WB and IMF. This I-PRSP is alleged to include many of the reform issues under the SAP of the late 1980s with its focus on import liberalisation and privatisation. Also, this I-PRSP was not opened to public debate.

Nevertheless, at the global level, particularly in the aftermath the attack on the World Trade Centre and Pentagon on 11 September 2001, a perception among the policy makers of the West gained a strong ground that misgovernance or failure in governance produces religious extremism. As a result, the concern over the issues of governance particularly over the deteriorating law and order, corruption was seen to be more prominent than any other economic issue during the Bangladesh Development Forum Meeting of March 2002. For instance, the May 2003 BDF Meeting
concentrated more on the issue like streamlining of cabinet, improving governance, combating corruption, improving access of the poor to justice, protection of human rights, freedom of the NGOs to function without any political hindrance (CPD, 2004: 148). Also, development partners’ concern over the domestic political issues reached a new height as the government like previous regime failed to prevent deadly bomb attacks on the UK High Commissioner in Sylhet, and on the opposition leaders in Dhaka in August 2004. As a result, development partners are now seen more preoccupied with the issues of politics and governance rather than value neutral economic issues. For example, while recognising the positive progress of Bangladesh in implementing reform and development programmes, the Vice President of the WB in the presence of the Prime Minister of Bangladesh expressed concerns the over political violence, criminality, growing corruption, growing mistrust of the ordinary citizens on legal system, and above all over the issue of ‘dysfunctional politics’ during the May 2004 Bangladesh Development Forum (BDF) meeting (CPD, 2004: 148)

Part-II: Democratisation Process in Bangladesh: The Realities of Today

Sluggish democratic reforms
A series of reform in fostering parliamentary democracy have been initiated to strengthen the democratisation process over the last one decade. For example, election of a non-partisan President, changes in rules of the procedure replacing Minister MPs by non-Minister MPs as heads of parliamentary committees, Prime Minister’s question time etc. But independence of the judiciary is still a far cry. As a result the successive governments can hardly become truly national and free from the ruling party influence.

The continuous boycott of the main opposition party in the parliament has challenged the efficacy of Parliamentary system of democracy. The telecast of live parliamentary debates has provided the opportunity to the people to judge their MPs’ performance. That has helped restrain the behaviour of MPs in the Parliament. However, MPs have failed to display their consistent positive attitude in the parliament debates. Rhetorics and narrow partisan attitude rather than substance overshadow their minds. It often prohibits the Parliament to act as the sentinel of national interest. And the technical majority of the ruling party sometimes neglects opposition’s constructive suggestions on policy matters in the Parliament.

The caretaker formula to run the election may be considered as a significant achievement as far as the trust between the political elites is concerned, though it has limitations as well. Moreover, money and muscle powers obstruct the holding of free and fair election. Mere legal actions can hardly curb
undue influence of these factors. As illegal money and violence predominates the society, the highly expensive ‘headcounting’ through election provide representatives without representation.

In fact, the sluggish pace of consolidation of democracy through continuous reform process has posed serious challenges to Bangladesh’s economy, society and polity. Lack of education, moral degradation, terrorism, worsening of law and order situation, lack of democratic culture, different forms of intolerance etc. have placed high on donor countries’ and international media’s agenda. Such sluggish reform could be attributed to a host of institutional shortcomings like lack of parliamentary knowledge, lack of internal democracy within the political parties, abrupt changes in the Constitution, lack of consensus on national issues, conflict for capturing power etc.

Democratization of local government institutions

In the late 1990s, some changes were introduced in the institutions for local government in Bangladesh. The devolution of power from the center to regional/grass root level has taken new shape to a wider context. The three important tiers of local government at the rural level in Bangladesh are, district, upazila and union parishad. In the urban areas, there are two tiers such as City Corporation and pourashava. Earlier only union parishad and poura shava representatives used to be elected by the people directly. At present, the city corporation, upazila parishad are added to electoral mechanism. Furthermore, recently a number of schemes have taken to enhance the devolution of power at grass root level. To launch the Gram Parishad, the Village Court and restructuring the Union Parishad are important endeavors to intensify the power of local government institutions. For enhancing women empowerment, the provision for the election of three female members has been incorporated. As a result, at the present level devolution of power is much more high that are significantly contributing factor in working of democratization in Bangladesh.

Confrontational politics

The two major parties and other parties also have advocated ‘national consensus’ for country’s development. But, unfortunately, they have divergent viewpoints in this regard. Conflicts on fundamental issues, debate over national identity (Bengali/Bangladeshi), different interpretations of history and the role of personalities are the major impediments here. Any offer of dialogue is considered as a party tactics to rise to power and to consolidate their position in the political
battlefield. Intra-party factionalism is another phenomenon which is found in every level of electoral politics. Faction in the parties among different regions, individuals force to take a party policy that sometimes become detrimental to party’s as well as national interest. Clash between hawks versus doves in the party always becomes headlines in the newspapers. Its root can be traced at the deep social level. After independence combative egalitarianism among the members of the middle class committed to politics – sparked by their struggle for power – sharpened party factionalism, created a hostile political atmosphere, and encouraged corrupt practices, although their leaders tried with varying degree of success to maintain social order.

**Personality cult**

It has been demonstrated that politics in Bangladesh revolves around personalities, not ideas or institutions (Ziring, 1992: 26). ‘Personally cult’ at the party level acts as an impediment to institutionalization of democracy. It got legitimacy, as parties needed them to avoid internal conflicts. And the result has far-reaching consequences. As the parties have been failing to produce alternative leadership, it might no longer continue as an enduring factor for party unity. ‘Personality cult’ reminds the country’s past authoritarian political tradition. It holds the seeds of future discontent in the party.

**Student Politics**

Higher educational institutions of Bangladesh have earned recognition at home and abroad, not for their academic achievements, but for their devotion to arms and violence. Connection with the national party politics may be identified as one of the reasons. The groupings or political attachments of teachers – who identify themselves with national political parties – also promote student politics. The students gain experience from their respected teachers about party politics and the art of capturing power in the universities keeps the student careless about their academic career.

**Politics of hartals**

As an instrument of political protest, ‘hartal’ or strike has been practised in the political arena of Bangladesh which is aggravating the economic condition. Growing pressures from the economic actors are increasingly being exerted on both the major parties to find out other alternatives. No constitutional support exists in favour of hartal. The politics of agitation and confrontation is
perhaps the single-most important factor that explains the lack investor confidence. Despite these factors political parties are still relying on hartal and has become an effective political weapon for the opposition.

**Rent Seeking**
Rent seeking by a section of politicians and businessmen is hampering the growth potentials of Bangladesh. Once it was thought that economic liberalisation through the removal of direct government controls (such as import licensing) would do away with rent-seeking and illegal income generation. Today illegal toll collection perhaps accounts for a much larger proportion of our GDP compared to rent-seeking incomes that were previously generated by government controls through permits and licenses. It is a distressing matter that a number of prominent politicians are identified as defaulters and that slackens government’s financial reform process.

**Trade Unionism**
The efficiency of the public sector corporations and other government offices is being eroded by the unbridled influence of Trade Unions or Collective Bargaining Agent (CBA). Until recently, efficient employees could not be appointed at the Bank due to CBAs undue influence. Unnecessary managers or workers keep alive sick industries, which incur huge loss. All these take place under political shelter and violence. It is reported that almost several thousand workers and leaders in different government organisations are getting their salaries practically doing no work. Some of the leaders of CBAs have been living in posh houses beyond their income capacity. When the government takes measures to carry on economic reforms, these trade unions/CBAs put strong resistance to those attempts.

**Politicization of everyday life**
The most alarming trend in Bangladeshi politics is the pervasiveness of politics or “total politics”. Politics touches every sphere of citizens life. It ranges from educational institutions to government recruitment, from business to mass media. As a result, inefficiency and intolerance are sweeping everywhere of the country. Political killings are now rampant. Toll collection, intolerance, possession of small arms and factional fighting in the parties are fueling political violence. “Patronage in distribution of public office, resources and even cultural opportunities has been based on loyalty to a party or person rather than on professional assessment. Bureaucratic performance has been questioned on the ground that it was guided by personal interests, personal loyalties or notions
of control” (Hossain, 2001: 6). Because of an overall weakness in the country’s political institutions, the status of the bureaucratic apparatus gradually enhanced over time and was consolidated after the army’s take over of state power, thus leaving no room for political parties to manage the state affairs (Hasanuzzaman, 1998: 35-36).

Rise of extremism

Rise of extremism in the name of establishing Islamic laws has become one of the greatest challenges for any political government nowadays. But unfortunately, all the major political parties are responsible for this phenomenon. For instance, after 1991 election Awami League as an opposition party, grouped together with Jamat-i-Islami in waging movement against BNP. Similarly, in 2001 elections BNP formed alliance against Awami League with Islamic parties to form government. Moreover, both the parties have failed to contain Islamic militants groups at their formation stage, especially they overlooked the incidents of bomb blasts throughout the country and failed to arrest the culprits. The problem is further compounded by the international realities of nowadays as most of the countries are now facing the challenge of Islamic terrorism. It is now almost established that Bangladeshi militants have gained ideological, material and financial support from international terror networks and funding organisations.

Concluding Remarks

Paradoxically, since the independence the regimes in power, while implementing their socio-economic development policies, could not come up with indigenous ideas that could ensure the development and improve the lives of the poor by reducing the gap between rich and the poor in real terms. Rather, as mentioned earlier, patronisation of the state, over which all the political regimes have demonstrated uniformity in their approach, has contributed to giving rise to the different renting seeking classes, marginalising the people who are not actively involved in party politics. The adoption of the socialist economic policy or the reform measures in the post-Mujib period prescribed by the WB, IMF or other bilateral development partners, particularly involving the privatisation programmes were only implemented as long as they brought benefit to the party-men of the different regimes. As a result, the consistency in the process of state patronisation has eventually established a reverse relationship in which political parties now rely on the rich nouveau class of the society even after the establishment of democracy in the country. Political parties have become captive in the hands of corrupt rich people who accumulated abundant assets with the patronisation of the state. The difference between post-Mujib regimes and post-Ershad regimes lies in the fact that the formers
offered state patronisation to create support base for ensuring their political survival, while the latter regimes now depend on the money of the corrupt business people for winning elections, since there is no ideological difference lies among the political parties. As a result, the relationship of dependency now inhibits the parties to take action any kind of corruption or misuse of power when incidents like share scam and unnecessary buying of MIG-29 or corruption over the installation of optic fibre took place, giving way to growing involvement of the development partners in the affairs of domestic affairs of state to make the governance multilayered or polycentric. Along with this internal political scenario, the shift in external environment as a result of the events like the end of Cold War, emergence of Washington consensus or 9/11 have contributed to intensifying the process of the involvement in the political governance a state.

Against this backdrop, the foremost challenge for Bangladesh for governance through democratisation process is to reinvent the government itself. While the private sector is changing rapidly the government has remained the same: sluggish, centralised and bureaucratic. Consensus between the political elites is the much-coveted requirement to establish a democratic polity. Though major political parties always lay emphasis on consensus in governance-related areas, they rarely can go above their partisan interest on how to reach that consensus. But the urgency of economic development, fear of political instability and the pressure from the donors and the different segments of the civil society may convince the politicians to reach consensus on certain government related issues. For instance, the case of hartal/strike can be mentioned here. But for this democratisation within the political parties is required first. The contending political parties must practice democratic principles in their respective organizations. The AL and the BNP – the two leading contenders of the statecraft should come forward immediately to democratise their respective organisations (Islam, 2002). That would also expect to bring to an end of the dynastic pattern of the countries’ leadership. For instance, if the leadership potentials are not developed and nurtured within the party, both the major parties of Bangladesh will be split in case of the absence or even death of their chief leader. Another shortcoming is that bureaucracy will continue to dominate the politicians because of their technical expertise in governance.
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