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Challenging Injustice: Experiences with the Political Economy of Policy Influence

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1 An Intellectual Odyssey

I feel greatly honoured at being designated as the first recipient of the lifetime achievement award by the *Bangladesh Development Initiative* (BDI).

Most of my professional life has been invested in working with others, as part of a shared enterprise. My early career, beginning in October 1957, as a teacher in the Department of Economics of Dhaka University, was a defining period of my life. Dhaka University played an important role in the struggle for democracy and self rule for Bangalis and the Department of Economics played a vanguard role in this struggle. Whatever recognition I achieved at the time needs to be shared with my colleagues and indeed my students who were on the front-lines of the struggle.

In the post-liberation period I was associated with my life long comrades, Nurul Islam, Mosharaff Hosain, Anisur Rahman and Muzaffer Ahmad in building up the Bangladesh Planning Commission. In the 1980s I was again associated with a new generation of young economists in rebuilding the *Bangladesh Institute of Development Studies* (BIDS) into an institution of excellence, which was recognized around the region for its work. Since 1993 I have again been involved in building up the Centre for Policy Dialogue (CPD), which also involves bringing together large numbers of people from various walks of life, to address issues of policy concern in Bangladesh and the region.

At the end of 56 years of my professional life, whatever little I have achieved owes to my commitment to stay and work in Bangladesh as part of a shared enterprise, whether in my own work as an economist, in my efforts at building institutions or in my political involvements. In recognizing me today you are, therefore, recognizing an entire generation of Bangladeshis as well as the institutions with which I have been associated.

In my address before you I intend to touch on two aspects of my professional life and works, the unifying thematic focus of my efforts to influence public opinion and

policymaking. My works, whatever may have been their quality or final impact has focused, in one form or another, on the mission of challenging injustice in its various forms.

Since the nature of this mission touched on concerns which were shared by a large constituency of people my work was always intended to provoke public debate rather than promote my academic advancement. I, therefore, invite you to share a journey through my professional work to provide some understanding as to why I have chosen to address the issue of injustice and the outcome of my endeavours. In the course of this intellectual journey you will, hopefully, be exposed to the intellectual concerns of an entire generation of Bangladesh society and derive some insights into the scope for research to influence public actions.

In my recollection, from the outset of my professional life in 1957, Bangladeshis have been preoccupied with the issue of injustice. We have been held captive, as a people, within layers of injustice which have narrowed the opportunities and abridged the lives of large numbers of our citizens. Before 1947 our peasantry were prisoners of injustice perpetuated through the hegemony of the zamindars and their debt slavery as also through a process of communal subordination. After 1947 we were the victims of injustice through the usurpation of our democratic rights by a Pakistani ruling elite. In post-liberation Bangladesh large segments of our population remain victims of both societal and governmental injustice. The people at large remain witness to growing inequalities in the ownership of wealth, through unequal access to state patronized resources and unequal participation in the market economy. This inequitable access to resources and opportunities originates in an unjust process of governance operating within a malfunctioning democratic process.

In such a system the people of Bangladesh have been unable to realize their full potential and have been held captive within the policy hegemony of our development partners. This externalisation of our policy agendas itself originates in our being embedded within an unequal

international economic order. This unequal international system spills over into the South Asia region where we are caught in a pattern of inequitable regional relations.

In the context of our historical circumstances it is therefore not surprising that injustice should figure prominently not just in the concern of economists but in much of our contemporary political discourse and even in our literature. Rather than take you through a review of perspectives on injustice across the intellectual horizon of Bangladesh I thought it might be useful to expose you to my own intellectual odyssey as an example of how the issue of injustice impinged on my professional work.

Exposure to real life struggles with various forms of injustice gradually educated me on the need to explore the structural feature of society which creates and reproduces injustice. Structural injustice in my use of the term, derives from the inequitable distribution of opportunities to participate in the benefits of both democracy and development. This inequity originates in the unjust workings of the market, inequitable access to productive resources and the undemocratic distribution of power. It was this concern with structural issues which moved me away from working on the technical aspects of economics and located my work within the broader interdisciplinary concerns of political economy.

My preoccupation with the issue of structural injustice made it difficult for me to confine myself to a purely academic life since addressing such issues involves taking up political positions. It was thus not surprising that academics such as myself, who were on the frontline of the politically explosive debate on regional disparity, would be drawn into involvement with the political movement for self-rule for the Bangalis, which culminated in my participation in the Liberation War. It is this same concern with structural issues which has kept me involved in the arena of policy debate whether at BIDS or in my endeavours at the Centre for Policy Dialogue.

2 Correcting State Injustice

In the Dhaka of 1957, when I began my professional life at the Economics Department of Dhaka University, the unjust nature of the Pakistan state was apparent not just to students of the Pakistan economy but intruded into all forms of political and public life. The issue of the economic deprivation and political subordination of Bangalis within the Pakistan state was the dominant theme of democratic politics, media discussion and in the Teachers Common Room of Dhaka University. As economists we engaged ourselves with the economic dimensions of the problem but all discussions ended in arguments about the undemocratic and discriminatory nature of the Pakistan state. Prof. Abdur Razzaq, "Sir" to all of us, was an im-

portant source of education to many of us on the nature of the Pakistan state.

My first exposure to the working of the Pakistan state, in 1960, when I was just 25 years old, originated in an article on the economy of East Pakistan I was invited to contribute to a volume on the state of East Pakistan. The volume was commissioned by the *Bureau of National Reconstruction*, a body designed to strengthen inter-regional relations but mostly intended to propagate the good works of the Martial Law regime of Field Marshal Ayub Khan who had seized power in October 1958. My article was not a scholarly effort but it pointed out the deficiencies of governmental policy and the consequential deprivation of East Pakistan. The volume mostly contained pieces highlighting the positive developments in East Pakistan so that my own contribution appeared as an outlier when the work was published. My article must have attracted the attention of people of authority in the government because the volume was immediately withdrawn from publication and subsequently re-published, *sans* my article, which was replaced by a more "positive" paper by Dr. Abdullah Farouk, a teacher in the faculty of Commerce at Dhaka University.

The issue of economic deprivation of East Pakistan and its manifestation in the perpetuation of economic disparities between East and West Pakistan originated in the structural injustices which characterized the nature of the Pakistan state. The principal sources of disparity originated in the monopoly of political power in Pakistan exercised by a West Pakistani-based ruling elite, through the denial of the democratic rights of the Bangalis who constituted a demographic majority in Pakistan. The suggested remedy propagated by Bengali economists for the problem of economic disparity was a constitutional separation of political powers and policymaking between East and West Pakistan, through the granting of the right of self rule to the people of East Pakistan.

The concept of separation of powers in the Pakistan state had already been articulated through the *21-point programme* of the United Front of political parties challenging Muslim League rule in the 1954 elections in East Bengal. It could be argued that the pre-occupation of a number of Bengali economists with issues of regional disparity had been inspired by the focus on this issue by the political leaders of Bangali nationalism who provided a ready audience for their writings on this issue. The *6-point agenda* for self-rule for the Bangalis, presented to the world by *Bangabandhu* Sheikh Mujibur Rahman in 1966, which largely focused on economic issues, was the ultimate expression of this informal interface between the Bengali economists and our political leaders.

For the historical record, I had no contribution in the drafting of the 6-points but was happy to have contributed

to the intellectual debates which underwrote the struggle for self-rule. My own concern with self-rule originated in my involvement as a teacher of economics in Dhaka University, with the intense political debate over regional disparity during the 1960s. My earliest professional work, which gained any recognition, dates from 1961, when I made my first public presentation on the theme of two economies at seminars in Dhaka and Lahore. My presentation at a seminar in Lahore in September 1961, on the need to address the unique problems of a single polity with two economies, through conceding complete regional autonomy to East Pakistan, was headlined and reproduced in full in the premier English daily in Dhaka, the *Pakistan Observer*. Such ideas were hardly original to me. Other Bangladeshi economists such as Prof. Abdur Razzaque, Dr. Sadeque, Prof. M. N. Huda, Prof. Nurul Islam, Prof. Mosharraf Hossain, Prof. Akhlaqur Rahman, Prof. Anisur Rahman, Prof. Abu Mahmood, Dr. Habibur Rahman and quite a few other intellectuals contributed to this debate. I was, however, at the age of 26, privileged to project this theme to a wider audience because I had the inclination and opportunity to speak out, at a time when Pakistan was still under its first exposure to Martial Law, on an issue which touched on the concerns of all Bangalis. Under Martial Law at that time, political leaders were gagged from speaking on political issues and most academics were inhibited about publicly challenging the official mythology of national integration in Pakistan.

My work on the issue of correcting the injustice of regional disparity persisted through the 1960s. Most of this appeared as popular journalism. My most provocative writings on the issue of disparity and self-rule appeared in the columns and editorials of the weekly *Forum*, edited by Hameeda Hossain and myself, during the exciting days of 1969–1971. However, the most comprehensive summation of my work on regional disparity is to be found in the chapter I contributed to the 3 volume History of Bangladesh on the theme of the “*Economic Background of Bangali Nationalism*,” published in 1992 as part of the *History of Bangladesh* published by the *Asiatic Society of Bangladesh*.

My preoccupation with the theme of disparity eventually brought me, along with a number of Bangali economists and academics at Dhaka University, into political conflict with the Pakistani rulers and policymaking establishment. This inevitably led to our direct association with the political leadership of the Bangali nationalist movement and involvement in the liberation struggle. By the time Nurul Islam, Anisur Rahman and myself were invited to be members of the Panel of Economists reviewing the Pakistan’s Fourth Five Year Plan in 1970, we were engaged in a political struggle and not just an academic exercise.

After the overwhelming victory of the Awami League in the 1970 elections, Bangabandhu invited Nurul Islam, Anisur Rahman and myself, along with Muzzafar Ahmed Choudhury, Sarwar Murshed and Kamal Hossain to sit with him and his party high command to discuss the drafting of a constitution based on 6-points. This involved considerable and often quite technical discussions on operationalising some of the 6-points such as separate currencies and autonomous conduct of trade and aid relations. These were areas where the discipline of economics had to interface with the realities of Pakistani politics and Bangabandhu, along with the politically astute and intellectually brilliant Tajuddin Ahmed, greatly enhanced our understanding of what political economy meant in practice.

My political involvement, along with my writings in *Forum*, must have been taken seriously by the Pakistani Junta who accorded me the privilege of sending a troop of the Pakistan Army to arrest me from my home on the afternoon of 27th March 1971, just 2 days after they launched their genocide on the people of Bangladesh. That I am here to receive this award today suggests that the effort by the Pakistani junta was not successful. I was therefore invested with the privilege to spend the 9 months of the liberation war in 1971 as the Special Envoy of the Government of Bangladesh, campaigning abroad for the withdrawal of foreign aid to Pakistan and for the recognition of the right of Bangladesh to be a sovereign state.

The emergence of Bangladesh as a liberated nation state was the culmination of involvements of academics such as myself in using our research skills in support of a political agenda. The graduation of colleagues such as Nurul Islam, Mosharaff Hossain, Anisur Rahman and myself from academics trafficking in the discipline of political economy into the direct political ambit, albeit at a modest level, of national leaders such as Bangabandhu and Tajuddin Ahmed, greatly enhanced the reach and impact of our ideas. None of us could exercise a similar degree of influence on politicians and policymaking in later life when we were more established and mature researchers.

3 Correcting Rural Injustice

In the 1960s the infamous system of Basic Democracies (BD) was evolved by Field Marshal Ayub Khan to perpetuate his autocratic rule in Pakistan and underwrite the denial of political justice to the Bangalis. In 1966 I published my first book on “*Basic Democracies, Works Programme and Rural Development in East Pakistan*.” This book is out of print but I am told it is still cited by some scholars of rural development. Here again I addressed the issue of injustice inherent in the unequal distribution of

political and social power in rural East Pakistan. This inequity was perpetuated by the system of Basic Democracies, which located power, through the Union Councils, in a rural elite. The BDs were used as a political instrument to perpetuate the authority of the Ayub dictatorship through official patronage provided through the *Rural Public Works Programme*, funded under the *US PL 480* food aid programme to Pakistan.

The book had some impact on the political debate within Pakistan to the extent that it exposed the use of patronage as a crucial resource in building a power base for the undemocratic Ayub regime in East Pakistan. When the Ayub regime and its local satraps, led by Governor Abdul Monem Khan, came under attack at the end of 1968, just prior to its demise, the same Basic Democrats became the most proximate target of the anti-Ayub mobilizations in the rural areas.

Today, rural elites in Bangladesh are no longer dependent on land for their exercise of authority and draw on more diversified sources for their affluence and influence. They remain more integrated with mainstream political parties whose access to power remains a critical variable in their exercise of local political power and opportunities to accumulate wealth. To this day, however, food aid continues to be used by the government of the day as a political resource where it serves to reinforce the authority of those fractions of the rural elite who exercise local power at the time.

My attempt through my work on the BDs, to argue for a more democratic rural society drawing on the support the poor peasants, resonated at that time but has had little impact on public policy in post-liberation Bangladesh where rural society has remained unequal even if the sources of inequity have mutated. In the three years immediately after the liberation of Bangladesh, when I was a member of the first Planning Commission, we attempted to promote agrarian reform and established a Commission to spell out the scope and nature of such reform. Our recommendations, which were rather modest in scope, were put on the shelf by Bangabandhu the then Prime Minister. When we reintroduced such an agenda for agrarian reform within the First Five Year Plan document he again asked us to excise any specific recommendations for such reform from the Plan. He argued, as he did earlier, that such reforms may be justified but were politically unpropitious because the richer peasantry who may be affected by the reforms remained an important part of the regime's rural support base. As it transpired, Bangabandhu, within the framework of his BAKSAL agenda, attempted to introduce an even more radical agrarian reform based on the *Tebagha* concept of sharing the produce of the land three ways between the owner, the tiller and the state. His reform efforts came to an untimely end along with his life

and the subject of agrarian reform has never since been restored to the policy agenda.

Agrarian reform in Bangladesh has, indeed, virtually disappeared from the policy landscape and even the development discourse across the world. A few heroic souls wrote about the issue but the subject appeared to have been buried. I was, thus, happy to be invited by FAO in 1982, to explore the scope for a second generation of agrarian reforms in the Philippines. Based on visits to the country I prepared a report on "*Agrarian Reform in the Philippines*." The report was well received among more radically minded Filipinos such as Prof. Renato Constantino who offered to publish it but less so by the regime of President Marcos who were never really interested in using agrarian reform as an instrument of structural change.

I was encouraged by my work on the Philippines to broaden my interest in agrarian reform through further work on the issue. This, more comprehensive global study appeared as a book, "*Agrarian Reform and Social Transformation*," published at the end of the 1980s by Zed Books. In this later volume, I argued that without a comprehensive agrarian reform, on a scale which could effectively correct the structural inequalities which characterise rural society, it would become much more difficult to democratize the polity, substantively eradicate poverty and ensure sustainable development in most developing societies. This work also failed to generate any substantial debate at the academic or political level because, during the 1990s, agrarian reform was completely outside the policy landscape.

My latest effort to resurrect the issue of agrarian reform is attempted in a chapter of my work on *Challenging the Injustice of Poverty in South Asia*. As a follow up to this work I have been travelling around the South Asia region to encourage like-minded civil society elements to at least set up citizens commissions to revisit agrarian reform in the prevailing circumstances of their respective countries. We have persuaded groups in India, Nepal, Sri Lanka and in Bangladesh to set up such commissions. In Bangladesh, at least, a positive effort is underway. How far these civil society initiatives will encourage governments in the region to explore such possibilities remains uncertain.

4 Correcting Injustices in the Ownership of Wealth

One of the principal preoccupations in the period of Pakistani rule was the injustice inherent in a system of public policy and state patronage which led to the concentration of economic power within just 22 families. Since 21 of these 22 families were non-Bengalis, our leaders such as

Bangabandhu and Tajuddin were conscious of the need to construct a more egalitarian society, at least, within Bangladesh. Bangali economists such as Anisur Rahman, Mosharaff Hossain, A.R. Khan, Swadesh Bose and I addressed distributional issues in our work. I wrote a paper on this subject in 1964, titled *Beyond Disparity*, which invited East Pakistan's political leaders to recognise that issues of social injustice at home were no less important than our quest for regional justice.

In the 1960's such issues as agrarian reform were still on the political agenda. When Prof. Mosharaff Hossain and myself were invited to become members of the Panel of Economists to review Pakistan's Third Five Year Plan we argued for the need to address issues of agrarian reform. We aspired to challenge the feudal order which still dominated West Pakistan inspite of some mild land reforms enacted by the Ayub regime in their early years in power. These feudal elites were part of the ruling alliance which controlled the undemocratic Pakistan state. Our rather obscure efforts to introduce some distributional content into the Third Plan did not go unnoticed. The Panel was put under pressure by the then Governor of West Pakistan, the Nawab of Kalabagh, one of the most powerful feudal lords of the Panjab, to withdraw any reference to agrarian reform, from our report. When Mosharaff and I refused to demur to the request of the Chairman of the Panel to modify our views on the subject of agrarian reform the entire Panel of Economists was unceremoniously wound up and no Panel report was published.

Whilst our principal policy preoccupations in the 1960's remained focused on the issue of challenging regional injustice a number of Bengali economists argued that we should also stay focused on issues of social justice. When Kamal Hossain, Nurul Islam, Anisur Rahman and myself were invited to prepare the Awami League's election manifesto for the 1970 elections, with the full backing of Bangabandhu and Tajuddin Ahmed, we introduced a strong egalitarian orientation into the document. Bangabandhu's concern with issues of social justice were inspired by his recognition that in the coming struggle for self-rule for the Bangalis he needed to mobilize the total support of the common people behind a manifesto which would be sensitive to their concerns.

In the post-liberation period when these same economists were inducted into the Planning Commission by Bangabandhu we were, thus, already sensitized to the need to democratize the ownership of wealth in an independent Bangladesh. Our perceptions were sharpened by the recognition that the liberation war had crucially depended on the support of a broad segment of the population who bore the brunt of the sacrifices and loss of life in the struggle. This awareness also permeated the consciousness of the political leadership. The policy response

of correcting injustice through public ownership, was itself driven by the pragmatic need for the Government of Bangladesh, to assume control over 40% of manufacturing assets and other business ventures in the financial and commercial sector, which were abandoned by their Pakistanis owners who fled from Bangladesh just prior to liberation.

In the beginning of the 1970s, the move to address structural issues such as the control of the economy by expatriates and the concentration of economic power, through the extension of public ownership, was accepted practice throughout the Third World and hardly unique to Bangladesh. Subsequent experiences with public enterprise in these countries, including Bangladesh, as also in the former socialist world, revealed that public ownership was not necessarily synonymous with democratizing the ownership of wealth. The politically influential, in collusion with the state bureaucracy, located within the specific political economy of a country, could also monopolise the control and benefits of state owned wealth. In particular societies where democratic accountability and transparency of the state were weak, the monopoly of economic wealth in the hands of the state, perpetuated both inefficiency and corruption.

All these lessons have been learnt from the benefit of hindsight. My initial work in the post-liberation period arose out of my involvement in the Planning Commission on policy issues related to the deconcentration of wealth. This was captured in the subsequent research work I initiated in collaboration with Prof. Muzzafer Ahmed on "*Public Enterprise in an Intermediate Regime: A study on the political economy of Bangladesh.*" Our work drew on our first hand exposure, during our days in the Planning Commission between 1972–1974, to the struggles to contain the rent seeking proclivities of political elites in that period which served to undermine the viability of various public institutions.

On the way we learnt a great deal about the power struggles with the bureaucracy and the determination of the senior bureaucrats to deny entrepreneurial autonomy to the professionals brought in to ensure the commercial viability of public enterprises. This battle came to naught as Bangladesh's public enterprises were kept imprisoned in bureaucratic red tape and exposed to ruthless rent seeking which condemned them to mounting losses which were subsequently used as justification for their closure or privatization.

Our work on public enterprise in the second half of the 1970s, which was published by BIDS in 1980, was followed up by other writings by me in this area, which addressed the issue of the nature of the underlying political economy of the state. This perspective was seen as a useful analytical mechanism for addressing the assump-

tions and outcome of policies promoting the extension and eventual malfunctioning of state enterprises.

5 Correcting Injustices in the Global Economic System

The global economy was then and today remains a deeply unjust arena where the advanced industrial countries controlled markets and monopolized access to capital. The search for a *New International Economic Order* (NIEO) was part of an ongoing global discourse in the 1970s to correct these injustices in the global system. I contributed to this debate through my work initiated at Queen Elizabeth House, Oxford, at the end of the 1970s, addressing the injustices in the prevailing international economic order. I was particularly excited by the opportunities provided by the redistribution of global wealth towards the oil exporting countries through the rise in oil prices, which I viewed as a unique opportunity for the Third World to breach the monopoly of financial power exercised by the North. In my writings I attempted to argue that the prevailing economic order was rechanneling this oil wealth in the hands of the energy exporters, back into the international financial system through the financial institutions based in a few advanced industrial countries. I argued that the oil exporting countries should redirect more of their wealth, mostly invested or being lavishly spent in the North, to diversify and strengthen the development capacities of the South through promoting greater collective self-reliance within the Third World. Such a redirection of resource flows within the South would contribute towards initiating a process of structural change in the unequal distribution of global economic power.

I attempted to project my work before international audiences who were engaged in the debate over NIEO. What I regarded as my best work on this subject which was done at the *Centre for Research in the New International Economic Order* (CENRNEO) at Oxford, was targeted at the *OPEC Special Fund*, the think tank of OPEC, based in Vienna, which was best placed to reach these ideas to the OPEC policymakers. I also travelled to Saudi Arabia, Kuwait, UAE, Jordan and Bahrain to try to interest key policymakers on the advantages of using OPEC surpluses to strengthen South-South solidarity. I attempted to use platforms provided by international institutions and also the Arab Thought Forum, a politically influential think tank in the Arab World, to propagate my message.

Regrettably, endeavours by me and others involved in propagating a NIEO were largely infructuous. I found that policymakers in the OPEC countries, at that stage, believed their wealth was safer in the hands of bankers in Wall Street and the City of London. The strategic stran-

glehold of the United States over these countries also appeared to be critical in persuading them to recycle their capital through the financial market of their political patrons. As I predicted in my work, OPEC's surpluses became hostage to US politics and were substantially eroded by the mid-1980s due to the induced recession in the US economy and the planned depreciation of the dollar.

I notice today that a new round of opportunities for the South has emerged from the Asia region, led by China and India, where two-thirds of the global reserves are now accumulated. In a recent work I argued that this Asian economic renaissance, led by China, originates in the intrinsic competitive strength of the Asian economies in an age of globalization. This structurally derived economic power is more likely to grow over the years investing these countries with greater autonomy in reconstructing a more balanced global economic order. The earlier build up of reserves with the OPEC countries, originating in an inflation in energy prices, was compromised by their structural embeddedness with the major powers of the Western world.

6 Correcting Regional Injustice

In post-liberation Bangladesh, in our days in the Planning Commission, one of our primary concerns was the need to correct the structurally unequal pattern of Bangladesh's relations with our large neighbour India. Our proposed policy agenda was to enhance and diversify Bangladesh's export capacity through unrestricted access to the Indian market. This would lead to a more balanced pattern of economic relations and a more sustainable basis for political relations. As a Member of the Bangladesh Planning Commission in 1972, I was designated as the lead person to interact with my counterpart Member of the Indian Planning Commission, Professor Sukumoy Chakravarty to develop a mutually beneficial pattern of economic relations between our countries. In this process I came to recognise that it was largely in Bangladesh's interest to restructure this relationship as India, with a far stronger economy, was content to let the relationship be governed by market forces.

I worked with the chairs of various Sector Corporations in Bangladesh to develop large scale industrial projects based on adding value to Bangladesh's then abundant gas resources, in order to enhance and diversify our export capacity to India in such areas as fertilizer, sponge-iron and cement. Feasibility studies of these projects were prepared and approved by Bangabandhu and Indira Gandhi at their bilateral summit in Delhi in May 1974. With the murder of Bangabandhu and the resultant regime change in 1975, our ideas of bringing about a more structurally balanced pattern of economic relations with India were put into cold storage by successor governments

in Bangladesh. Over the next 4 decades, as we anticipated, our economic relations with India were driven by market forces whereby Bangladesh's trade deficit with India has grown to a level of US\$5 billion. My ideas on Indo-Bangladesh relations were captured in my P.C. Joshi Memorial lecture presented in Delhi in 1988.

In the absence of any state led initiatives to restructure our economic relations with India we engaged ourselves, through civil society dialogues, to argue for duty free access for Bangladesh's exports to India. We argued that India's open markets would incentivize Bangladesh's now more developed private sector, to step up exports to India and build partnerships with their counterparts in India to enhance and diversify our export capacity.

We located our attempts at stimulating Bangladesh's exports within the broader policy framework of strengthening Indo-Bangladesh economic relations which had remained in the doldrums for close to a quarter of a century. To initiate such a process, the CPD partnered with the *Centre for Policy Research*, New Delhi, and later the *India International Centre (IIC)* to organize a series of Indo-Bangladesh dialogues to address various contentious issues, including the need to evolve a more balanced pattern of relations between an economically stronger India and a weaker Bangladesh. Between 1995 and 2012, 15 such dialogues have been convened in New Delhi and Dhaka involving senior political leaders such as I.K. Gujral, a former Prime Minister of India and their political counterparts in Bangladesh, with a cross-section of academics, professional and business persons in both countries. These dialogues drew upon ongoing research on the issue which was encouraged by our dialogue process. We argued in our dialogues that if governments remained inhibited about breaking this protracted impasse in inter-state relations civil society in both countries should take the lead in identifying the source of particular problems and developing constructive alternatives to resolves these issues.

This dialogue process has made some modest contributions in creating a more propitious climate for resolving disputes and has made a model contribution to the conclusion of a treaty in 1996 to share the Ganges waters and in current moves to build greater connectivity.

The quest for realizing duty-free access for Bangladesh's exports to India was a recurring theme of our dialogues where some of the most persuasive arguments for our case were provided through research papers prepared not just at CPD but also by our Indian friends such as Professor Muchkund Dubey, once Foreign Secretary of India. Our endeavours registered incremental gains when alumni of our dialogue process such as I.K. Gujral ascended to the position of Prime Minister of India. It was, however, not till 2012, that Dr. Manmohan

Singh who, as Finance Minister of India had engaged with us in the first Indo-Bangladesh dialogue in 1995, in his current capacity as Prime Minister, finally conceded to full duty free access for Bangladesh's exports. India has now also agreed to the virtual elimination of the *sensitive list* which had rendered earlier duty concessions for Bangladesh largely ineffective. The Indo-Bangladesh dialogues serve as a modest testament to the possible role which both academic research and an empowered civil society can play in influencing inter-state relations.

I extended my concerns for enhancing and diversifying Indo-Bangladesh relations to the goal of reconstructing a South Asian economic community on the lines of the European Community and ASEAN. In this endeavour we had many partners across the region. Beginning in 1978, when at Oxford, I initiated work on correcting regional inequity in South Asia through economic cooperation. My main concern was to find ways to apply the same logic, which guided my approach to Indo-Bangladesh relations, to correct the structural inequalities between the more developed countries of South Asia such as India and the structurally underdeveloped economies of the region. In order to correct these structural inequalities we needed to construct a South Asian economic community where the weaker economies of South Asia, such as Bangladesh, Nepal and Sri Lanka could be empowered by diversifying their production base and exports through provision of unrestricted access to the much larger markets of India and also Pakistan. As part of such a process South Asia needed to come together to build an association for regional cooperation. Our ideas were the forerunner of the emergence of SAARC.

To build political support for an agenda for South Asian cooperation we brought together some of the leading think tanks and academic institutions in the region to develop a well researched agenda for regional cooperation. I collaborated with a number of well known regional institutions and personalities in such fora as the *Committee for Studies on South Asian Development (CSSAD)* and *South Asia Dialogue*. Our efforts culminated in the founding of the *South Asia Centre for Policy Studies (SACEPS)*, in 2000. In its initial years SACEPS was located in Dhaka with CPD as its Secretariat and as its Executive Director till 2005 I was invested with the responsibility of building up the organisation. SACEPS is today the leading civil society think tank in South Asia with the ongoing mission of promoting South Asian cooperation.

The SACEPS initiative is a good example of civil society using research to try to influence public policy. CPD once again drew upon research to partner with other regional institutions to promote sub-regional cooperation which brought together India and Bangladesh with China and Myanmar. As a continuation of my earlier works on

South-South cooperation and Indo-Bangladesh cooperation I published two books, *Transforming Eastern South Asia* and *Rediscovering the Southern Silk Route* which argued that South Asia should forge economic ties with the fast growing, resource rich, Asian region to its east. Our efforts culminated in the *Kunming Initiative*, built around a sub-regional grouping, involving Bangladesh, India (mostly North-East India), Myanmar and China's Yunnan Province, known as the BCIM group, with its Secretariat in Kunming. This civil society initiative has drawn the political support of the governments of China, Bangladesh and Myanmar to evolve the grouping into a more formal inter-state entity. India has remained rather lukewarm to institutionalizing the BCIM but is coming round to the idea as its own economic relations with China intensify.

7 Aid Dependence and Policy Ownership

Over the last 40 years, first in Pakistan and then in Bangladesh, aid dependence has been a crucial feature in our national life. Pakistan's development partners, led by the US and the World Bank, exercised considerable influence over the politics and policies of the country. Along with other colleagues at Dhaka University such as Anisur Rahman and Abu Mahmud, we argued that this external aid leverage served to distort Pakistan's development priorities which aggravated both inter-personal and regional inequalities. Furthermore, aid flows both served and were used to politically perpetuate Ayub's autocratic regime.

During the 1960s I pointed out both in my academic and journalistic writings the hegemonic role of aid donors over policymaking in Pakistan. Apart from the role of US aid I emphasized the larger than life role exercised by the US supported *Harvard Advisory Group* located within the Planning Commission, over Pakistan's planning process. The growing ascendancy of the World Bank over Pakistan's policy priorities was also becoming increasingly evident. This dependence of Pakistan on external aid influenced my role during the liberation war in 1971 when the Bangladesh government appointed me as Envoy Extraordinary for economic affairs, with the specific mission of organizing a global campaign to stop aid to Yahya regime as a leverage to desist from their genocide in Bangladesh.

This exposure to the transcendental role of foreign aid over the politics and economics of Pakistan influenced the thinking of all members of the first Planning Commission of Bangladesh, where my three other colleagues, Nurul Islam, Mosharaff Hossain and Anisur Rahman had been similarly conscientised. Our perceptions and concerns were shared by the leadership of the post liberation

government where Bangabandhu and particularly Tajuddin Ahmed were particularly aware of the need to establish greater sovereignty over Bangladesh's policy agencies.

The political concerns of our leaders were given substance by the political pressures exercised by the principal donors over the issue of Bangladesh accepting a share of Pakistan's debt liabilities even before its had recognized the sovereignty of Bangladesh. The background and outcome of such exercises in power diplomacy have been effectively captured in the seminal work by Nurul Islam and Just Faaland, *Aid and Influence*. Such pressures in using aid as an instrument of policy and political leverage culminated in the withholding of not just food aid but also other forms of aid to Bangladesh by the US government and also the World Bank during 1973–1974 which contributed to the terrible famine of 1974. I wrote about this infamous episode in an article published by *Economic and Political Weekly* (EPW), *The Politics of Food and Famine*, which appeared in December 1979. In 1982, I published another work, the first of several, on the issue of aid dependence and policy ownership, *The Crisis of External Dependence*. This work drew upon our experiences in the Bangladesh Planning Commission between 1972–1974, when we were exposed, first hand, to the problems of re-establishing autonomy from donor agencies over Bangladesh's policy options.

This issue of external dependence has continued as a recurring theme in my work over the last 20 years. The issue of external dependence was also viewed by me as a structural issue, associated with the issue of policy ownership, which I deemed to be no less important than the ownership of productive wealth. In my work on aid dependence I addressed the implications arising out of the hegemony of our principal aid donors over policymaking on the governance and sustainability of the development process in Bangladesh.

My work on the tensions of aid dependence has attracted some attention in the global development community where I have acquired a minor reputation as an aid agnostic. I was, thus, invited by SIDA, in 1993, to explore the implications of aid dependence in Tanzania. When I visited the country that year I met a number of people both from the government and academic community, including the former President, Julius Nyerere, who were concerned with the growing influence of aid donors over policy. I was interested to observe many similarities in their experience with that of Bangladesh in its more aid dependent years. I wrote about this experience in a book, *Aid Dependence and Donor Policy in Tanzania*. Today, while Bangladesh has drastically reduced its aid dependence, Tanzania as is the case with many countries in Sub-Saharan Africa, remains heavily aid dependent and

exposed to structural atrophy originating in the policy regimes imposed on them by their principal aid donors.

My works on external dependence not only looked at the structural features of aid dependence, such as low savings and weak governance, but also addressed the limitations of implementing a process of structural adjustment reforms through the application of aid conditionalities. From the mid-1980's I was involved, through my writings, in a global debate challenging the market fundamentalism underlying the World Bank's agenda for imposing structural adjustment reforms on aid-dependent client states. Our main critique of these reforms was their failure to address the structural dimensions of developmental policy, the role of weak governance and the implications of lack of ownership over externally imposed reform agendas. It is interesting, indeed heartening, to note that the arguments posed by some of us, over the last two decades, about the need to prioritize structural issues, governance and above all, the importance of domestic ownership over the design and implementation of reforms, are now accepted as the new conventional wisdom in the World Bank and among most other aid donors.

The critical issue for Bangladesh has always been and remains our need and capacity to establish autonomy over our own development agendas. Apart from whatever research work I did in this quest my broader goal was to mobilize Bangladesh professionals to establish before the world that we have the professional skills to assume responsibility for setting our policy priorities. To this end, in my brief tenure early in 1991 as a Member of the first Caretaker government under President Shahabuddin I brought together 255 of Bangladesh's top professionals in 29 Task Forces to present policy recommendations to the incoming elected government on the policy options available to them. I believed that this enterprise would enable Bangladesh's democratic government to emancipate Bangladesh from the hegemony established over our policy agendas by our aid donors. The dedicated work of great quality, done at no cost to the state, by our professionals was unfortunately not put to effective use by the incoming regime so that donor influence over policy persisted for many years even when Bangladesh's dependence on aid declined significantly.

When we established CPD at the end of 1993 I once again sought to bring together Bangladesh's best professionals talents to interact with our political leaders through dialogues in order to establish Bangladesh's policy priorities. CPD was designed to bridge the gap between academic research and policy advocacy. In 1995, CPD initiated its flagship programme to prepare an *Independent Review of Bangladesh's Development* (IRBD). Over the last 19 years we have regularly published reports on the state of the economy and its stewardship as a

measure of accountability on the incumbent government. Prior to 1995 this task was traditionally performed by the World Bank. After the regular publication of the IRBD the World Bank ceased to publish its annual report. The IRBD, prepared exclusively by Bangladeshi professionals, has today been recognized as a standard reference on the state of the economy. The impact of CPD's IRBD has encouraged other institutions to engage in analysis of the economy. Today, the government of Bangladesh may not be as responsive to citizen's voices as we might hope but it is more inclined to draw upon indigenous policy research to set its policy options.

8 Structural Injustice and the Default Culture

Over the years the concept of the default culture has become part of the public discourse. This originates in the inefficiency and injustices associated with promoting private sector development in Bangladesh through state patronage. Beginning from the early 1980s, I worked on these issues at BIDS, with several younger colleagues such as Debapriya Bhattacharia, Binayak Sen, M. M. Akash, Ahmed Ahsan and Syed Akhter Mahmood, then at the beginning of their careers, who have since earned considerable professional recognition. We discussed the underlying dynamics of debt default in Bangladesh and the consequences of an indiscriminate approach to the privatization of public assets, in the prevailing structural context of Bangladesh. These writings argued that policies designed to promote private enterprise should be more sensitive to structural aspects of private entrepreneurship by looking into the social background of local entrepreneurs and their capacity to make effective use of publicly provisioned term loans and privatized assets. A system where structural weaknesses in both the private sector and the official regulatory regime are compounded by the politicization of the lending regime and the privatization process, is likely to malfunction.

Such an ill-governed system has served to perpetuate a default culture and has led to asset stripping, disemployment and eventual closure of many privatized units. This outcome is contrary to the assumptions underlying privatization policy because it does little to improve enterprise profitability, production or investment. It is also unjust because it locates public resource in the hands of a privileged few, who are left unaccountable for the productive use of public resources.

Today the default culture, which originated in the agenda of using public resources for patronizing these with political access, remains alive and well, as we witnessed recently in the malfeasant direction of a credit of Tk. 30 billion by the state-owned Sonali Bank, to a sin-

gle borrower of unknown provenance. However, unlike in the 1980s, a class of private entrepreneurs and banks has come of age, which can now engage in financial transactions autonomous of the state, which is no longer the prime mover of entrepreneurial development.

9 Governance and the State

The issue of malgovernance is also today part of the general discourse. In the 1990s I continued with my work on the role of the state but extended this to initiate work on the theme of governance, when this concept was less fashionable. In my work, including research initiated at CPD, we argued that the relevant issue was not the extent of state intervention in the economy but the quality of its policymaking and governance. The discourse on governance was designed to address the issue of what makes some states more effective than others. It was then believed that the East and South East Asian states were role models of good governance and successful development, compared to the South Asian states and most of Sub-Saharan Africa.

To expose Bangladesh to the issue of the governance in development CPD organized a major international conference in 1996 where we invited some of the top scholars on governance and development such as Robert Wade, Hajoong Chang a Korean teaching at Cambridge, Justin Yifu Lin from China, who later served as Chief Economist at the World Bank, and K.S. Jomo of Malaysia, amongst others. I persuaded Sheikh Hasina who had just been elected Prime Minister, SAMS Kibria, Finance Minister and Saifur Rahman the outgoing Finance Minister along with a variety of local public figures to attend the programme in the hope that they would be educated on the importance of getting governance right. The rich exchanges in this event were published as *“Learning from East Asia: Lessons for South Asia.”*

We now know, in the light of experience with the Asian financial crisis in 1997, that the East Asians were not as well governed as was believed by the World Bank and ADB, as well as many distinguished academics. In retrospect, it appears that the weakness of the governance discourse lies in its inadequate discussion of structural issues located within the political economy of a particular country.

10 Eradicating Poverty through Correcting Injustice

Poverty remains the major issue of our time and is now the priority concern of our aid donors. My ongoing work, during the 1990s and over the next decade, on poverty and injustice, addresses the less discussed issue of the structural

dimensions of poverty. This link between poverty and justice has led me to my current preoccupation with the role of structural injustice in perpetuating poverty and the political disempowerment of the poor. In my *Nazmul Karim Memorial lecture*, *“From Two Economies to Two Societies,”* my *Nurul Matin Memorial lecture* on *“Restoring Justice to Banking”* and my *Mahbabul Haq Memorial Lecture*, delivered in Ottawa in October 1998, on *“Restoring Justice to Development,”* I have focused on the need to rethink our approach to poverty by viewing it as the outcome of structural injustice rather than a deficiency of resources. In my IFAD/FAO public lecture in Rome in July 2001, on the theme of *“Eradicating Rural Poverty: Moving from a Micro to a Macro Policy Agenda,”* I took my work on injustice forward to initiate discussion on the strategies for eradicating poverty through correcting structural injustice by promoting greater democratization of economic opportunities. This initial work provided the basis for a 4 year CPD-SACEPS research project initiated under my leadership which culminated in my book on *“Challenging the Injustice of Poverty: Agendas for Inclusive Development in South Asia,”* which was published by Sage in October 2010.

In this volume I have argued for correcting injustice, through democratizing the ownership of wealth and the functioning of markets. This work, drawing on experiences with policymaking and structural interventions at the level of civil society in South Asia, addresses the need for:

- Expanding the ownership and control of the poor over productive assets
- Enhancing their access to a knowledge based society
- Strengthening the capacity of the poor to compete in the market place
- Redesigning budgetary policy to reach public resources to the poor.
- Restructuring monetary policy so as to move the poor upmarket to access resources from the macro-financial system and to design savings as well as investment instruments for the poor.
- Designing institutions for the poor to enable them to acquire ownership of wealth and effectively manage this wealth.
- Empowering the poor through widening their opportunities for political participation.

Since our work on challenging injustice was not just designed as an academic exercise but aspired to influence public policy and civil society activists, I undertook further work on identifying specific policies, programmes and projects, which could be used to operationalize the agendas for inclusive development proposed in my book. This work is under publication as a research monograph

by CPD and is being used by me as an instrument of policy advocacy both within South Asia and amongst international development organizations who are committed to ending poverty. I am currently engaged in discussing the ideas raised in my book on challenging injustice in order to mobilize support across global civil society for focusing public attention on incorporating issues of structural change into the post-2015 MDGs.

I have had occasion to discuss my work on injustice both at the research stage and since its publication, at a variety of fora at home and abroad with policymakers, politicians, business peoples, academics, NGOs and the international development community. In these discussions, I had naively presumed that since my ideas were hardly revolutionary, and could even be seen as mildly market friendly, my work would generate some resonance with relevant stakeholders engaged in promoting a more inclusive development agenda. So far my experience has been that my ideas on a structural approach to poverty eradication commands few sponsors in the development or the academic world, even among those who speak eloquently on issues of eradicating poverty and injustice. The universal policy approach to inclusion appears to be to address the symptoms of injustice through programmes of publicly funded social provisioning. I have discovered few backers willing to address the structural sources of poverty and to seriously engage with an agenda which seeks to challenge injustice.

11 Correcting Gender Injustice

Work on poverty and structural injustice needed to recognize the more pervasive injustice and deprivation imposed on women. This issue has spanned a sizeable literature and mobilized a powerful political constituency around the world, but in Bangladesh work in this area has been confined to a few women scholars, who have written strongly on the subject. I made my own exceedingly modest contribution to this discussion in my publication on *“Planning and Public Action for Asian Women”* which appeared early in the 1990s. I raised the issue of empowerment of women through introducing constitutional provisions to provide for greater representation of women in Parliament across Asia, but specifically in Bangladesh where they are massively underrepresented. My subsequent public presentations on gender deprivation have contributed as part of a popular movement in Bangladesh to enhance the representation of women in Parliament through direct election to reserved seats for women.

This movement at one stage led to a degree of mobilization amongst women’s groups to a point where the two

major political parties in Bangladesh incorporated commitments to legislate measures for directly electing more women into Parliament. Regrettably, once elected to office, neither of these parties have found it politically convenient to legislate a measure which would politically empower women in their own right. The party political leaders prefer to retain the power to nominate women to parliament in the expectation that these MPs would serve as loyal political clients of their respective leaders.

12 A Summation of My Professional Life

This journey through my professional life, indicates that I could never exclusively afford to be an academic economist. I always chose themes which were at the center of intense political contestation at the national or global level. My writings were, accordingly, always designed to contribute to these public policy debates. This has made my views on a variety of subjects quite well known, if not always attracting appreciation or agreement. I have felt strongly about the issues which seized my attention. I would like to believe that whatever may be the judgment of my peers on my qualities as an economist, they were at no stage left in any doubt about my views on any of the policy debates in which I involved myself. My hope for the present generation of Bangladeshi economists at home and abroad is that they will be more active in taking visible positions on issues of public policy. Such indeed was my advise to the economics profession in my Presidential Address to the *Bangladesh Economics Association* in July 1988, on the *“Social Role of the Economist in Bangladesh.”* A new generation of colleagues at CPD led by Debapriya Bhattacharya and Mustafizur Rahman, have taken up the challenge of mobilizing civil society to seek greater policy accountability and better governance from the state so my graduation from research into civic activism may not have been in vain.

In Bangladesh and indeed much of the Third World, the principal issue of the day is the need to challenge injustice which could thereby give the most deprived segments of the population a right to participate more equitably in the market, to resources, and to political power. I no longer aspire to do further academic work or to engage in global advocacy in the way I have done upto now. My hope remains that CPD and other civil society organizations engaged in civic activism may activate a younger generation to take forward the challenge of ending injustice drawing on greater professional capabilities, energy and political skill than lay within my capacity.