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## Challenging the Injustice of Poverty

Rehman Sobhan  
New Delhi: Sage,  
2010, 486 p.

Habibul Haque Khondker  
Zayed University  
Abu Dhabi, UAE

*Challenging the Injustice of Poverty* by Rehman Sobhan, is a challenging book to review for several reasons. First, it is, at least, two books in one. I say “at least” because one might discover even more than two books here. The book is saturated with careful analyses, rich data, and sensible policy recommendations based on sound judgment. One of the two books is a masterly review of the evolution of development policies and strategies on tackling the problem of poverty by the international development organizations. He then proceeds to develop his own perspective on tackling poverty by going to its source, namely the social structure. The second book is a masterful compendium of anti-poverty policies and strategies adopted by the governments of five nation states in South Asia: India, Pakistan, Bangladesh, Sri Lanka, and Nepal over the past four decades. These two subjects are related and create a foil against which he presents his own ideas as a critique and an extension of some of the existing policies.

Sobhan has had a long standing concern with inequality and injustice. First, he showed concern with the injustice of regional disparity in the days of a larger Pakistan; he also dealt with the injustice of gender inequality and, of course, with class inequality. His early claim to fame was his critique of the exploitative economic policies of Pakistan that turned the then East Pakistan, the present day Bangladesh, into a virtual colony. His “two-economy” theory, a view shared by only a handful of his contemporary economists, laid the basis of the demand for provincial autonomy in united Pakistan. Sobhan was a member of the Planning Commission in the newly independent Bangladesh where he had played a key role in shaping the first five-year plan of a newly independent country. Following the political transformation of Bangladesh, he has been a key figure in the economic research think tanks, one of which, Center for Policy Dialogue (CPD), he helped establish. His key concerns in this book reflect his passion for building a just society, a concern he shares with his friend of five decades, Amartya Sen, the laureate economist. No wonder, Sobhan dedicates his *magnum opus* to his “dear friend” Amartya Sen who too was present at the book

launch at BRAC auditorium in Dhaka in January 2011.

The goal of the book is “to identify specific policy and institutional measures which may serve to challenge the injustices of poverty” (p.xxiv) [all page numbers are from Sobhan 2010] in South Asia. The objective is to reduce poverty by promoting more “inclusive development.” The goal is to reduce poverty at both global and local levels. Global institutional policies and the specific strategies adopted in South Asia have been explored.

At the level of international institutions, such as the World Bank or the United Nations, there has been a shift of policies to tackle poverty from promoting economic growth to directly focusing on the problem of poverty itself. Strategies such as the Millennium Development Goals do not actually “address the structural sources of the problem which create and perpetuate poverty” (p. 1). Sobhan points out the weakness of measuring and describing poverty as income deprivation and various other measures of defining and then attacking the problem of poverty. “The central premise of this work,” in his own words, “seeks to move away from the visualization of poverty as a measure of income deprivation” (p.2). He is convinced that unless the structural conditions that breed poverty are removed, poverty will not be tackled.

Employing a variety of public policies to reduce the number or percentage of poor people will not do. He views poverty as a “process” (p.2) which “excludes significant segments of the population from opportunities to participate on equitable terms in the opportunities for development and decision making in society” (p. 2). Those who are denied of such opportunities for participation are the “*excluded*” (emphasis in the original), in Sobhan’s words.

The book, however, is not a reflective monograph; it has the quality of a mega report full of tables, boxes, and detailed data. The comprehensive nature

of the materials presented in the book would be a useful source of reference for both the academics and the policy-makers. The reader of the book would not only know the anti-poverty policies adopted by the governments in South Asia but will also know the details of various flagship NGOs of the region, the intricacies of the land reform initiatives, say, in Nepal, and social businesses in India. The reader will know not only how Grameen Bank in Bangladesh or Amul milk cooperative in India works, one will know much more. Yet the rich data and the empirical materials are anchored to a theoretical framework and in some sense reinforce the theoretical base. If the book is rich in data and based on a tightly-knit theoretical framework then what can be said by way of a critical evaluation?

Well-documented and tightly argued, the book does not leave much room for criticism. If any, the critique of the book is addressed to its theoretical framework and the metatheoretical presuppositions. Specifically, the theoretical framework is eclectic; in fact, it is too close to reality for gaining a sufficient level of abstraction. The real world we live in is eclectic since nothing is caused by a single factor. Yet, in scholarly work we look for a single causal explanation and when we have multi-causal or multi-factorial explanations, we need some kind of ordering. A theory based on eclecticism thus loses parsimony and elegance. There is often a tradeoff between theoretical elegance and pragmatic value. Sobhan chooses practical value over theoretical elegance.

Rehman Sobhan cannot be pigeonholed as an economist of the vintage Cambridge school. Although his formative years mark the imprint of Joan Robinson and others at Cambridge, pushing the envelope of the mainstream economics, so to speak, in the post World War Britain, his wide ranging reading and engagement with public life has made him a renaissance man. Hence, *Challenging the Injustice of Poverty* is solidly grounded in the moral concerns of a public intellectual and a pragmatic planner who wants to see a better world. The theoretical grounding is not in the old-fashioned Marxian economics but in a deeper political philosophy predating and outliving Marx. The underlying assumptions of and call for egalitarianism are to be evaluated in the context of a larger and deeper discussion of equity and justice. Although Sobhan does not take an overt position as a Keynesian or Neo-Marxist or institutionalist economist to foreground this important book, his sympathies and orientations are betrayed in his analytical framework as well as the policy suggestions. He does not discuss the underlying

social contract that keeps a society going; but he looks at the “really existing” society, identifies the sources of its ills, and then suggests policies for the alleviation of these problems. He understands – painfully, I might add – that the world has changed from the idealisms of the 1950s and the dreams of the 1960s and is ready to make some amends to his wide-eyed liberalism tinged with a Joan Robinson variety of Marxism in the face of neo-liberal economic globalization. In the book launch he concedes, “the political universe that Amartya and I shared has changed”, to which Amartya Sen responded that yes, it has changed but not too much, “we really want to see *din bodol*” (transformation of the age). However, we do not want a little bit of change here, little bit of change there, nor do we want “*churanto din bodol*” (the ultimate epochal transformation) because in the last fifty years many changes have occurred in the world. Professor Sen was hinting at socialism and the gulags, the derailment of transformative idealism, of utopia into nightmares. Yet he does not want to give up on idealism or hope altogether. Sen insisted that it would be “absolutely dumb” not to learn from the failures and the successes of the world. He emphasized the importance of facts and acknowledged that, “we picked up the realistic view of the market” but the basic philosophical and political commitments remain the same. Sen said, in the context of the prevailing injustice in the world, challenging the injustice of the world is a worthwhile goal.

Sobhan proposes five routes to address the problem of poverty. The routes are institutional and address not the manifestations of poverty but to tackle head on some of the factors that cause poverty in the first place. There are two existing strategies of poverty alleviation in South Asia: country specific poverty reduction strategy paper (PRSP) with the exception of India where anti-poverty measures are contained in the five year plans, and the achievement of the Millennium Development Goals (MDGs). Neither of these strategies addresses the issue of structural change.

Sobhan lists the following major strategies to tackle the problem. First, he recommends promotion of agrarian reforms which would bring some equity and justice in land holding and access to assets. He presents a careful analysis of the similarity and difference of the tenure systems in Bangladesh, India, Pakistan, Sri Lanka and Nepal. Both in Bangladesh and Nepal there is a trend in the size of holdings. Pakistan continues to be home to large landowners of course with regional variations. India has a high level of inequality in land holding as reflected in the Gini ratio. In Sri Lanka as much

as 40% of the agricultural land is used in commercial farming, producing crops such as tea, rubber and coconut. The state in Sri Lanka is a major land owner. A growing population is at the heart of the declining size of land holding in South Asia. Population growth as a problem does not get much attention in the discussion of land issues. Sobhan focuses on the political economy of agrarian reforms closely. In the case of Nepal, the Communists, despite their commitment to land reforms, reneged once they were ruling partners in the government in 2009. A number of leaders in their coalition partner were sizeable landowners in Terai area (p.77). "In all five countries, the redistributive impact of the land reforms was modest", reports Sobhan (p.79). For example, "in Bangladesh many parliamentarians, even if not large land owners themselves, would have political and party links with such land owners in their respective constituencies." (p. 84). Besides, landholding in Bangladesh has cultural implications (prestige, status, emotional attachment, etc) which cannot be overlooked as well.

Enhancement of market power of the excluded is another strategy recommended by Sobhan. Small and medium farmers in South Asia have unfavorable market access as the market is controlled by the rich and powerful. In Pakistan, for example, most poor dairy farmers end up selling their milk to the middlemen on unfavorable terms and 28% of the extremely poor farmers are forced to buy their inputs from the landlords (p.98). A vicious circle of poverty traps the small and marginal farmers in South Asia. The roots of the poverty of these groups lie in their lack of land ownership. Asset poverty is mutated in income poverty. Lack of information is a systemic but not immutable problem for the small and marginalized farmers. Corporate groups in India and Bangladesh have been able to cut through the class of middle men to reach the direct producers. The information technology penetration has also played an important role in enabling the excluded groups to access the market as micro entrepreneurs. Internet kiosks in the villages, known as e-Choupal in India, have played an important role in correcting information asymmetries. Another contribution has come from the cooperative movement. The case of AMUL in India illustrates the positive role of the cooperative. Agro-based enterprises such as Pran Group in Bangladesh and Nestles in Pakistan, in promoting involvement of the urban and peri-urban based small milk producers in milk cooperatives, are examples of enhancement of market power of the excluded. AMUL as a signature cooperative movement has helped promote similar cooperatives

in Nepal and Bangladesh. Non-governmental organizations such as BRAC or Grameen in Bangladesh or International Development Enterprise (IDE) in Nepal have also contributed to diversifying the productive capacity of the small and marginalized farmers.

Democratizing educational opportunities is another recommended strategy for the eradication of poverty in the long run. Sobhan summarizes the various challenges of this process including the issue of quality in education and the rise of religious schools. Quality education in Bangladesh is a privilege accessible to a narrow elite. Religious education offered in *madrassas* in Pakistan and Bangladesh attracts the children from the lowest income groups in society by providing incentives of food and clothing. These institutions provide dysfunctional education ill-equipped for employment (p.172). The education system in South Asia often remains fragmented on various dimensions such as between public and private, and rural and urban, with profound implications for quality. The government of Bangladesh has taken some important steps in creating opportunities for the traditionally excluded groups, especially girls from the poorest households. (p. 181). Here the NGO sector, such as BRAC in Bangladesh, has played a seminal role. Every country in South Asia, according to Sobhan is committed to improving public education. A doubling of budgetary allocation will help meet some of the goals in the ensuing years. Democratizing educational opportunities will help correct some of the structural injustices in the long run (p. 194).

Budgetary policies can also be geared towards poverty eradication. This is not just a call for an increase in the allocation to social sectors with focus on the socially excluded; Sobhan strongly recommends consultation with various stakeholders including the marginalized groups. Although public works programs in South Asia generate seasonal employment (and income) for the marginalized groups, there is a need to develop institutionalized mechanisms for consultation with them. The consultative process needs to be broadened to reach all sectors including the "voiceless." Sobhan goes on to examine various strategies and programs in place in South Asia ranging from providing a social safety net for the extremely poor such as vulnerable group feeding, cash transfer, to food-for-work programs. The programs need to be made decentralized and transparent. There are some differences in how these programs are implemented. In India, for example, the hardcore rural poor are guaranteed employment whereas Bangladesh continues to follow conventional food-

for-work programs that generate but not guarantee employment (p.217).

Another strategy for Sobhan in poverty eradication in South Asia has been through fine-tuning financial policies. Much of the discussion on financial policies for poverty eradication covers the issue of micro-finance which emerged in response to the failure of traditional institutions to provide financial instruments (namely, credit) to the poor. Highlighting the pioneering role of Muhammad Yunus's Grameen Bank in providing credit to the rural poor, Sobhan discusses the expansion of the credit market among the rural poor where BRAC, ASA and Proshika in Bangladesh came to play an important role (p. 243). The shift in some of the conventional NGOs into social businesses has become a new approach in the fight against poverty.

In the discussions on broadening ownership of assets through collective action and creating institutions for promoting collective action, Sobhan highlights the importance of social mobilization from the bottom up, especially groups that remain largely unorganized. Here the example of slum dwellers in Pakistan and India are presented as cases of empowerment (pp. 294-95). The need for and advantages of collective action on the part of the poor and unorganized groups are highlighted. Various cooperative and self-help groups in South Asia have made tangible achievements towards promoting collective action. Specially highlighted in this regard is the contribution of the SEWA model in India which was founded in 1972 in Gujarat by Ela Bhatt (p.322). While social enterprises such as various Grameen linked enterprises (involving fisheries, milk products, etc.) result in income generation for the poor, as well as social benefits reflected in the improvement in health, education and nutrition, etc. (p, 348). Not all social enterprises lead to success for the poor. The case of Grameen phone which was created in partnership with the Norwegian telecom giant Telenor provides an example of a missed opportunity in part because of the experimental nature of such enterprises (p. 352). The evolution of BRAC in Bangladesh from a non-profit NGO to a for-profit NGO with its involvement in a variety of sectors on society provides a bright example of the success of social enterprise. Although with the fall of "really existing socialism" the idea of collective ownership of the workers seems to have lost appeal, yet the Tata experience of workers' ownership of tea gardens in Kerala, India, provide an excellent case of the workability of this strategy. Having reviewed the whole range of policies and strategies, Sobhan addresses the very practical

issues of who will promote structural changes towards the end of the book (p.405). Whether political parties, NGOs, advocacy groups, or enlightened individuals can promote structural change is predicated on the very definition of structure which remains largely undefined. What does structure mean?

In Sobhan's writing the concept of structure has a Marxist ring to it. It is a social organization historically sedimented which needs to be broken or reshaped, or refashioned so that it becomes just. If structures are historically formed and shaped, they may be in theory unshaped, reformed, but if it takes such a long time for some structures to emerge, how can we be sure that those structures would disappear so easily or quickly? Yet Sobhan is not suggesting a radical egalitarian society. He would be content with a society where adequate and equal opportunities are created for all regardless of his or her social location. Thus he states, "Unless the structural injustices which underlie poverty can be corrected, poverty will persist across Asia" (p.xxiv).

Structural injustices entail the inequitable distribution of opportunities across society between the rich and the excluded, according to Sobhan. "The term structural indicates that exclusion does not derive from the play of market forces but originates in the structural arrangements of society which determine the working of market forces, as well as the design and functioning of its institutions" (p.2-3). In common parlance, structure as a conceptual antonym of process, refers to more durable relations of society. In the Marxist language these are relations of production which are crystallized over time and are backed up by institutions and cultural features of society which in the first place were shaped by the relations of production. All these are pre-supposed in Sobhan's analysis.

The old charge of tautological reasoning leveled at Marxist social analysis is applicable here too. The definition of structure is thus somewhat tautological. What does structure mean? Does it mean institutions of society historically formed? If so, how were those institutions formed? Why do different societies have different structural formations? Let's say, at an abstract level, we can say each society is made up of institutions such as family, religion, property relations, political systems, etc. The question cannot be left just at the level of abstraction. In the empirical world these institutions play different roles in different societies. So it is not the forms of these institutions but their substance - their contents - that make all

the difference. Across cultures, we find similarities in some of these institutional nexuses and differences in others. What is the role of culture in creating and sustaining those institutions or structural properties?

Consider Sobhan's proposed policy recommendations to solve the problem which he advances in the later part of the book. One of his policy recommendations is a plea to the government, made up of the ruling class, to initiate structural changes. In his critique of the government initiated poverty reduction strategy papers (PRSP) and various policy instruments of the international development agencies, he finds a palpable lack of policies for structural change. The absence of policies of structural change in those policy instruments is surely not an oversight. There are solid reasons for such indifference or gloss over. The interests of the ruling class are at odds with those of the poor, the excluded. There is no point in revisiting the jaded, yet highly relevant propositions of Marxist labor value theory or more analytical versions of that theory. Sobhan himself along with other Marxist scholars have made significant contributions in expounding the processes of and the structural bases of exploitation and perpetuation of class/social inequality in Bangladesh society in his numerous writings. To take just one example, in 1985 Sobhan in analyzing poverty in Bangladesh and providing a politico-economic interpretation of resource allocation argued: Can public resources be allocated to the poor by denying them to the rich? So far the rich get first claim and the poor get the leftovers. ...Can such an allocation be realized in a society where state power is the monopoly of the affluent classes or those who hope to join them? If, in fact, allocation of public resources reflects the balance of power in society, then who will be able to stake

a claim for the poor and the dispossessed?" (Sobhan, 2007).

Yet, 25 years later, under a different political universe, he is ready to go back to the state as the solution if not by direct allocation of resources but at least as an agent facilitating and creating opportunities for the poor so that they can gain access and compete in the market. The shift from state, its proven non-neutral role to the market as an allocator of resources, marks a veritable change in the intellectual evolution of Sobhan. The state can allow the market a larger role in the allocative process, or the state can join hands with the market and the NGOs to attain the goals they collectively aspire for. Such cooperation and the parameters of it are still being worked out in South Asia, which still remain home to the largest number of world's poor.

"The potential for anarchy in the allocative process, leading to attrition in the development process, is not that remote a prospect unless an underlying rationality based on an acceptable notion of social justice, is accepted by the majority of the people." Sobhan wrote this a quarter century ago with amazing contemporary relevance. In 2011, the representatives of the majority of the people in Bangladesh are still searching for that rationality based on social justice.

## References

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