

Bangladesh's Permanent Liberation Struggle: Constructing an Inclusive Democratic Society

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Remembering Sir

It is an exceptional privilege for me to be invited to present the first *Abdur Razzaq Distinguished Lecture* inaugurated to honour the memory of Professor Abdur Razzaq, known as Sir to all who knew him. I look back on Sir as both a genuine friend to me as well as my family and a mentor. As our relations deepened he embraced my late wife Salma and me as his own and went out of his way to help us if he thought he could do something. At the intellectual level he taught me many things about history and politics and even deepened my understanding of my own discipline of economics. To his regret, he never persuaded me to pursue his fascination with 19th century India. Notwithstanding his favourite hobby horses, Sir had a genuinely creative mind, sustained by deep learning and could readily point out works of reference, often from his own library, when he was making a point. He generously passed on his books to those he believed may share his own interests, thereby depleting some of his valuable collection.

As long as his mind was active I rarely departed from a conversation with Sir without wanting to read some work he had talked about or pursue a chain of thought suggested by him. Sir is one of the few people I know who pursued knowledge for its own sake, for his own pleasure, rather than for instrumental reasons. He read without aspiring to use his knowledge to publish articles which would earn him academic promotion or scholastic recognition. This approach to knowledge remains the true hallmark of the scholar. In the old days, at Oxford or Cambridge, most colleges provided a home to a few such teachers who spent their days in their study, surrounded by books, which they devoured intensively, breaking off from their reading to give tutorials to the occasional student who emerged stimulated by the insightful and provocative exchanges with their tutor. Such teachers usually published little and mostly retired as Lecturers rather than Professors. But they inspired generations of students who themselves graduated to become professors, bankers and some even Prime Ministers.

Sir too motivated many people, who went on to become distinguished academics such as Prof. Anisuzzaman and Prof. Rounaq Jahan. A not inconsiderable number of people chose their Ph D thesis topic on Sir's instigation. Politicians such as Bangabandhu, Tajuddin or Ataur

Rahman, have all been inspired by his ideas and looked on him with unsparing affection and respect. Whilst Sir helped many people, in various ways, he never, to my recollection, sought any personal benefit for himself even though innumerable political leaders and senior bureaucrats were ready to do anything for him.

In the end Sir missed his true vocation in an increasingly materialistic Dhaka, which eventually consumed all aspects even of university life. Sir's real *forté* would have been to sit, with his pipe in hand, in the dark, plush, sofas of the common room at All Souls college, Oxford, debating philosophy with Isiah Berlin and history with A.J.P. Taylor or politics with a visiting cabinet minister. His like will never be seen again. May he be remembered with love and reverence.

Bangladesh's Permanent Liberation Struggle

Bangladesh is approaching its 45th anniversary as an independent nation state. Our liberation from centuries of external and undemocratic rule has had a transformative effect on the people of Bangladesh. Independence has liberated undiscovered capacities in our people at all levels which have contributed to stimulating significant economic and social development. Our emergence as an independent nation did not emerge as a parting gift of a weary colonial power but was the culmination of an unrelenting struggle by our people which reached its denouement in a bloody war of national liberation in 1971. The war engaged the common people in the resistance who were the principal victims of the genocide inflicted on us by our oppressors. As a result we owe a blood debt to the people to construct a society which honours their massive sacrifice in human lives and suffering.

Over the last two decades we have witnessed noticeable improvements in the lives of the people ranging from reduction in income poverty, access to education and improvements in health status. Unfortunately, we have also witnessed the growth of inequalities, the widening of social disparities, malfunctions in our democratic process and the persistence of exclusionary forces within society which have frustrated the fuller utilization of those very energies that have been unleashed by our liberation.

My presentation intends to highlight the entrepreneurial potential in our people which was liberated, trace its impact on the positive features of our national condition and identify the continuing shackles which need to be broken to more fully realize the aspirations which

sustained our historic struggle for nationhood. The presentation will be organized in two sections:

- Liberating the entrepreneurial spirit of the people
- Constructing an inclusive democratic society

Liberating the Entrepreneurial Spirit of the People

I will attempt to track this spirit of entrepreneurship in our people under seven heads:

- The struggle for liberation
- Constructing a nation state
- The struggle of the peasantry to feed Bangladesh
- The entrepreneurial revolution
- The role of working women in driving the entrepreneurial revolution
- The entrepreneurial spirit of our migrant workers
- The new generation of IT entrepreneurs

There are many other areas in which entrepreneurship has been demonstrated as for example in the flowering of cultural life in such areas as the theatre, fine arts, our music and most recently in the re-generation of a tradition of classical music. **The entrepreneurship of many of our NGO's to draw upon the sense of commitment of our educated youth to engage them in social service for the deprived sections of our population, has been accorded global recognition.** These and other such manifestation of entrepreneurship can be **elaborated** but are omitted here for reasons of time. The seven areas identified above **provide adequate evidence of the** significant demonstrations of entrepreneurship in the post-liberation era in relation to their transformative impact on our economy and society.

The struggle for liberation

Historically the people of Bangladesh have been held captive, under British rule and after 1947 within the Pakistan state. Our peasantry have been imprisoned under the oppression of landlords, moneylenders and the tyranny of market forces which bound them in poverty, illiteracy and premature death. Bangladesh's struggle for national liberation from the Pakistan state earned us our nationhood. What was less apparent at that time was the much broader and deeper liberating effect of our struggle.

The first manifestations of our undiscovered entrepreneurial capacities demonstrated in the liberation war were associated with the political struggle for national liberation. Here Bangabandhu Sheikh Mujibur Rahman demonstrated extraordinary qualities of leadership and political entrepreneurship which enabled him to unite and mobilise the people of Bangladesh in asserting their democratic rights through the ballot box.

The historic triumph of the Awami League in winning 161 out of 163 seats contested for the Constituent Assembly of Pakistan in the elections of December 1970 laid the groundwork for the liberation struggle. The denial of the mandate of the people by the Pakistani ruling elite in March 1971 inspired a programme of civil disobedience without historical parallel. The Bangladeshi people at all levels not only withheld their services from the Pakistan state but withdrew their loyalty to the state and recommitted themselves to serve a *de facto* Bangladesh state under the leadership of Bangabandhu.

When the Pakistan army launched their genocide on the people of Bangladesh on the night of 25th March, it was perceived by the people of Bangladesh not as an act by the Pakistan state to restore its authority but as a war of reconquest of the people and land of a sovereign Bangladesh which demanded resistance at all levels. The people had been conscientised by Bangabandhu with a sense of nationhood which had percolated across Bangladesh during March 1971. This conscientisation, inspired the Bangalis serving in the Pakistan armed forces to spontaneously foreswear their oath of loyalty to the Pakistan state and take up arms to fight to retain the newly established independence of the Bangladesh state.

In this struggle, the Bangali warriors were spontaneously joined by administrators, police, teachers, students, above all by the workers and peasants of Bangladesh. Over the centuries there had been no exposure of these people to armed struggle so that a large segment of the Bangladesh people had never even heard the sound of a gun fired in anger. But the same people, without any tradition of armed struggle, unfamiliar with guns, took up whatever weapons they could find, to join the liberation war. Youth in their hundreds of thousands, with no background in military training or use of weapons, volunteered to join the *Mukti Bahini* where the early resistance was led by political activists, retired army officers, policeman, civil servants, engineers, medical doctors and other such civilian categories.

These spontaneous demonstrations of courage and entrepreneurship in taking to arms were critical in building a capacity for resistance which could augment the military capacity of our more professionally trained armed forces who had joined the liberation war and provided the base of the newly formed *Mukti Bahini*. It was this very act of military entrepreneurship by the people of Bangladesh which transformed acts of localized terrorism by the Pakistan army into a full scale genocide. The Pakistan junta learnt by experience that their murderous onslaught was not to be limited to the Awami League or the students or minorities but had to extend to the entire population of Bangladesh where the people were either freedom fighters or their sympathizers.

Constructing a nation state

The independence of Bangladesh, through a war of liberation, left us with problems of a magnitude which could have strangled us at our birth. Extraordinary qualities of leadership and entrepreneurship were needed to survive our blood stained birth. In most post-colonial states, at independence, the inherited administrative structure and colonial business establishment stay on to keep the economy functioning. However, no such cushion was available to an independent Bangladesh. The peculiar configuration of the Pakistan state demanded that we liberate ourselves not just from the dominance of the Pakistan ruling elite but from the Pakistan - centric business interests which had dominated the industry, commerce and financial sectors of Bangladesh in the years prior to our liberation. By 16th December 1971 when Pakistan formally surrendered its rule over Bangladesh at the Dhaka race course maidan, its business community had abandoned their assets and fled our land. This left the newly independent nation with a vast business empire which had penetrated every sector of the economy, to be managed to a level where minimal economic activity could be resumed. Centuries of external dominance of the economy had left an entrepreneurial vacuum among the people of Bangladesh where business ownership, managerial capacity, even technical skills to operate productive capacity or even our railways had been appropriated by expatriates.

But at the end of the day, Bangladeshis discovered within themselves undiscovered capacities for statecraft and entrepreneurship as they had earlier discovered an unimaginable capacity for armed struggle. Some of this statecraft had already been on display when a government in exile under the leadership of Tajuddin Ahmed, Bangabandhu's most trusted colleague, needed to improvise an administration in order to superintend the liberation war and interact with the Indian government, their host and principal ally.

In post-liberation Bangladesh, within the first three months of liberation a national policy along with a managerial structure, to either manage or dispose of thousands of abandoned enterprises of varying characteristics and sizes, was put in place. For those enterprises retained within the state sector professionals from the public and private sector, mostly appointed on merit, assumed managerial responsibility. Most of these managers assumed levels of responsibility far in excess of anything within their past-experience. But they rose to the occasion, worked long hours, with great dedication, under extremely difficult circumstances with minimal remuneration, to restore production to pre-liberation level with the first two years of assuming such responsibilities.

The response to the challenges of governance demanded even greater entrepreneurial capacity. Bangladeshis had, as the end result of years of external domination, no experience in ruling themselves. Even within the Pakistan state all critical decisions, policies, and control of the principal institutions of governance were appropriated by our Pakistani rulers. As a result the newly created state had to discover extraordinary capacities for entrepreneurship in governance to create a functioning nation state.

This exercise in nation-building within the rubble of a bankrupt war-ravaged country was, at that time, and even in later years, under-appreciated. To nurture a new nation extracted through blood and fire from the diseased womb of another sovereign state required undiscovered qualities for which there was no available training manual developed from innumerable case histories of post-colonial states. So by definition the leaders and those who served them in constructing the Bangladesh state, had to be entrepreneurs, learning from their own bitter experiences, through trial and error, how to first build and then manage a nation state.

The struggle of the peasantry to feed Bangladesh

At liberation Bangladesh was a largely agrarian economy. Our agriculture was mostly dependent on small farmers, operating minuscule holdings which barely provided subsistence. Over 50% of the rural households were landless. Our peasantry produced around 10 million tons of foodgrains which could barely feed us in a good crop year and left us heavily dependent on food aid to feed the landless, land poor and the urban population.

These same small farmers, operating holdings of 1-5 acres have, over the course of the last 45 years, managed to quadruple foodgrain production to close to 40 million tons. They have

demonstrated great resilience in coping with adverse weather and climate change, adopting new technologies when offered to them and diversifying their production and household occupational structures. The Bangladesh rural economy has now diversified into poultry farming, livestock rearing, shrimp culture, whilst a variety of non-farm activities have proliferated. All these developments demonstrate a level of entrepreneurship among our rural population which was unimaginable half a century ago.

The reduction in rural poverty largely originates in these manifestations of entrepreneurship. Public action through investments in rural infrastructure, promoting education, employment generation programmes and safety net interventions such as pensions for the elderly and disabled, have also played a role in poverty reduction. But above all it has been the dynamism of our rural population and the transformation in the productive capacity of the rural economy which has been critical to improvements in living conditions in the rural areas.

The entrepreneurial revolution

Our unquenchable capacity for private entrepreneurship has been a revelation not just to Bangladesh but the global community. At liberation we inherited a weak entrepreneurial tradition with only one Bangali, A.K. Khan, ranked among the 22 families who dominated Pakistan's business sector. In the 1960's a small group of first generation Bangali entrepreneurs were created through massive state support in the jute and textile manufacturing sector. The top talents among Bangalis had tended to opt for public service or the professions. As a result, in 1971 as much as 35% of the manufacturing capacity in Bangladesh was set up and managed by the public sector managers of the East Pakistan Industrial Corporation (EPIDC). Bangali entrepreneurs owned only 3% of manufacturing capacity while Pakistanis owned the remaining 62%. Most of the international and regional trade, banks, insurance even the larger retail establishments were owned by non-Bangalis. The post-liberation policy agenda of emphasizing the public sector was premised on the assumption that Bangladeshis lacked an entrepreneurial tradition which could only be fostered through heavy state patronage.

As it transpired loan finance from state owned financial institutions did serve to create a larger entrepreneurial class. But this was achieved at the cost of massive debt defaults from this new class of private entrepreneurs. This default has been perpetuated and condoned over the years and remains with us today as part of what is known as the default culture.

The readymade garment industry (RMG) was perhaps the first major private sector initiative which grew up without state patronage though it was helped by particular state policies. The pioneering effort of Nurul Qader Khan, a civil servant who had already demonstrated his entrepreneurship in the liberation war, when as Deputy Commissioner of Pabna he had assumed a leadership role in organizing armed resistance to the Pakistani army, was a demonstration of this spirit of enterprise. He persuaded a Korean conglomerate to take advantage of the unused Bangladesh quota which gave us a reserved market for export to the United States (US) and European Union (EU) under the prevailing global *Multifibre arrangement* (MFA). Hundreds of other professionals, with little entrepreneurial background, followed Nurul Qader's path to set up RMG enterprises to avail of our export quota under the MFA. Today, Bangladesh is the second largest RMG exporter in the world after China and a new generation of conglomerates are able to independently compete in global markets. Large scale investments in backward linkage for the RMG sector have raised the local value-added in exports from below 25% in the 1980s to around 75% today.

The dynamic generated by the RMG sector has, over the last 30 years, spilled over into a broader range of industries, ranging from pharmaceuticals, ceramics, footwear, shipbuilding, steel manufacturing and now construction where the use of high rise construction technology has changed the landscape of Dhaka and Chittagong.

A new generation of private banks are now in place which have overtaken the public sector banks as sources of banking finance, including long term financing for industrial investment. The private banks have now provided an autonomous source for business expansion which has not just reduced dependence on state finance but also on state patronage for entrepreneurial development.

Entrepreneurship is not just limited to corporate sector growth in metropolitan centers. Small and medium sized enterprises (SME) have spread across Bangladesh in a variety of sectors in both the urban and rural areas. Whilst many such enterprises lead precarious lives with high levels of failure, the spirit of enterprises at this level sustains constant renewal of investments across the country.

It is arguable today that the sky is the limit as to where entrepreneurship at all levels, of all shapes and sizes, can take this country. The flowering of the entrepreneurial spirit in

Bangladesh may be sharply contrasted with the impoverished state of entrepreneurship across the border among the Bangalis of *Paschim Banga* where the business sector, as in British times and ever since, remains dominated by non-Bangali entrepreneurs. If, however this spirit of entrepreneurship is to attain its full potential particularly among the more numerous SME entrepreneurs then much more needs to be done to liberate them from the shackles which continue to constrain their potential for growth.

The role of working women in driving the entrepreneurial revolution

What is noticeable within the entrepreneurial revolution is the rise of women entrepreneurs at all levels. Prior to 1971 this too was inconceivable and indeed remains so in Pakistan. It is arguable that this revolution had its roots in the micro-finance revolution pioneered in Bangladesh by Mohammad Yunus through Grameen Bank (GB) and Fazle Hasan Abed through BRAC. Whilst micro-finance is hardly a new initiative what was special about GB and BRAC was their targeting of women as the principal beneficiary of loan-finance and as agents of change in the family. The most significant contribution of the Yunus/Abed model was the ability to take their projects to scale so that their respective client base now can cover around 8 million, mostly women, extended across 80,000 villages. This has enabled GB to be classified as the world's largest micro-finance institution (MFI) and BRAC as the world's largest and also the most highly rated NGO.

None of this could have been possible had the rural women, mostly drawn from poverty level households, not demonstrated a capacity for entrepreneurship and financial discipline. These qualities enabled these women to generate income from their micro-enterprises to both repay their loans and improve the condition of life for their families. One need not oversell the role of micro-finance and treat it as a magic bullet to end poverty and transform the lives of the rural poor. There are various other dimensions, including structural constraints and the tyranny of patriarchy, which need to be addressed in order to bring about transformative change in the lives of our women. There is however considerable research evidence at hand to confirm that micro-finance has served to reduce extreme poverty, has created a capacity for entrepreneurship among women and has provided a ladder for them to move upmarket into larger scale economic activity in the SME sector. The MFIs and more specialized financial institutions such as BRAC Bank, MIDAS and even some commercial banks have emerged to underwrite this up scaling of female entrepreneurship.

What is less perceived as an act of entrepreneurship but is no less transformative in its social and economic impact is the emergence of women as wage workers in the industrial sector and particularly in our largest business sector, RMG, where close to 4 million women are employed. Their capacity for hard work for shamefully low wages, their ability to keep abreast of the technical challenges of operating equipment of increasing complexity over the years, is as much an act of entrepreneurship as anything demonstrated by their corporate bosses.

A generation ago these same women were held captive in working no less hard, in the non-monetized household economy. Their socialization kept them out of public spaces so that moving to Dhaka to work in a factory was tantamount to buying a ticket to eternal damnation. These same home based peasant girls, many still unmarried, today play an integral role in sustaining the global competitiveness of our RMG sector. To play this crucial role in the RMG economy our women had to go through a cultural revolution from invisibility in village homes to occupy public spaces in an alien urban environment where little has been done to accommodate their social needs and concerns. Today both rural and urban society has accepted what was once unacceptable, young village women working outside the home, who proudly walk the streets of Dhaka and Chittagong, their heads held high, to keep our principal export industry globally competitive. Here again much needs to be done to provide the unique entrepreneurship of these women with rewards that are commensurate with their enterprise.

The entrepreneurial spirit of our migrant workers

For those who have seen the Satyajit Ray classic, *Pather Panchali*, set in rural Bengal in the 1920s, the summit of Apu's aspirations was to get his sister to take him from their village as far as the railway line where they could view the passenger train thundering past them on its way to Kolkata. Today the Apus of Bangladesh, increasingly joined by their sisters, have long since left their villages, boarded trains not just to Dhaka but onward to Kolkata, Mumbai, Karachi and across the oceans to every part of the globe. Today Bangladeshi workers are to be found clearing the jungles in the plains of Bolivia, farming the deserts of Saudi Arabia, occupying the streets of Rome with their pushcarts, driving taxi cabs in New York, serving as waiters in Northern Finland and working in every other corner of the world which was never heard of by their fathers. Our women are working in RMG factories in Jordan, providing domestic services across the Arabian peninsula and selling fruit on the streets of New York. Bangladeshi young people are no longer willing to think of their village as the centre of their aspirations or their sole work place. The world is their oyster and they are ready to pay any

price, accept any risk to travel to any corner of the globe which offers opportunities of earning a better livelihood than available at home. While we may concern ourselves about the economic compulsions within Bangladesh which generate such yearnings in our youth that they are willing to take life threatening chances to escape their country, it takes an extraordinary level of fortitude and enterprises to leave their homes and travel across the world.

As a consequence of the courage and enterprise of our youth Bangladesh earns around US\$15 billion in official remittances and perhaps another US\$5 billion, if not more, in unofficial remittances. These external earnings have balanced our external payments, raised our gross national savings levels above opportunities for domestic investments and played an important role in reducing household poverty.

Here again, we must recognize the terms and conditions within which our migrants help to sustain our economy remain exploitative and exposed to massive rent extraction by unscrupulous intermediaries who live off migrant entrepreneurship by marketing our people as if they were livestock. The liberation of our migrants from the clutches of these intermediaries and enhancing their capacity to bargain on more equitable terms in global labour markets remain part of our ongoing liberation struggle.

The new generation of ICT entrepreneurs

The latest players among Bangladesh's liberated entrepreneurs are the ICT revolutionaries who are transforming the way we connect with each other and the world. Cell phone penetration in Bangladesh exceeds India's level. In a few years it is not inconceivable that most of Bangladeshi will be IT connected and most people will own or have access to cellphones and even more advanced instruments such as smart phones and iPads.

Such connectivity is gradually transforming the financial services industry, the dissemination of knowledge, modes of education and accessing health care. The government has played a pro-active role in this area so that access to public services through use of ICT has the potential to bring major changes in the functioning of the state.

As it stands, it is reported that the ICT sector already contributes around 6.2% of our GDP. Here we lag behind India in transforming this sector into a major export industry and in using

its potential to confront corruption establishing accountability not just in the process of governance but in the ways in which we do business.

Constructing an Inclusive Democratic Society

The Bangladesh paradox

In the concluding segment of my presentation I will highlight how the massive entrepreneurial capabilities which have been set free through liberation can be emancipated from the shackles which frustrate our people, and particularly the less privileged majority from realizing their full potential. This discussion will enable us to explore the importance of constructing an inclusive democratic society which remains part of our ongoing liberation struggle.

The flourishing of entrepreneurship at all levels, unleashed by the liberation war has yielded a mixed harvest. It has helped to transform Bangladesh's development landscape. We have witnessed the quadrupling of food production along with the growth and diversification in our manufacturing sector which has contributed to explosive export growth. Bangladesh's economy has, as a result, grown at 6%+ over the last decade, foreign exchange earnings from exports and remittance have exceeded \$30 billion as have our foreign exchange reserves. The external value of the taka has stabilized and public revenues greatly increased so that public expenditure has exponentially expanded. Bangladesh is no longer an aid dependent economy so that foreign aid accounts for less than 2% of GDP. These positive macro-economic trends have been matched by improved human development indicators in the areas of health, education, improvement in the conditions of women and poverty reduction. The contribution of state policies and development initiatives in realizing these gains should be recognized where appropriate.

These gains from an unleashing of entrepreneurial energy has had its down side. While it has provided the dynamic for driving our development gains it has also energized some of our baser instincts in the form of large scale corruption, often demonstrating great ingenuity for malfeasant business conduct, including debt default and fraudulent financial transactions. Criminality backed by violence provides further indication of such misdirected entrepreneurship.

It is argued here that these distorted outcomes of entrepreneurship gone wrong are part of the so called Bangladesh Paradox **where** developmental success has managed to co-exist with significant malgovernance. This has contributed to endemic regulatory failure, weak accountability and law enforcement which have perverted the entrepreneurial process. **In such an environment, entrepreneurship mutates into predation. The horrors of Rana Plaza, Tazeen garments and the plundering of the environment through land grabbing, and encroachments of our water bodies demonstrate threats not just to our positive achievements but challenge the very credibility of the state.**

Bangladesh's untr tranquil democratic odyssey

Our governance problems, in turn, originate in less promising developments in the political sphere manifested in our practice of democracy. The democratic mobilization which drove the liberation struggle and culminated in an independent Bangladesh has followed a more uneven trajectory than the development of the economy. Our democratic deficits have kept our development performance below its full potential, promoted corruption through malgovernance and served to enhance income inequalities as well as widen social disparities. In this section I will explore some of these contradictory trends which constitute the Bangladesh paradox in order to explore what needs to be done to move our liberation struggle towards the inclusive democratic society to which we once aspired.

Bangladesh's liberation struggle originated in the frustrated quest for an inclusive democracy. A nation which was born out of a frustrated struggle for democracy may have been expected to remain committed to preserving and strengthening its democratic dispensation. While liberation widened the horizons of economic opportunity for the people their democratic aspirations remained less fulfilled. For 16 years they were exposed to rule from the cantonment, in the tradition of the Pakistan state. Elections to the *Presidency* and *Jatiyo Sangshad* in 1979, 1981, 1986 and 1988 were far from free or fair and ensured that the incumbent regime continued in power. A democratic mobilization in 1990 toppled the Ershad autocracy and put in place a non-partisan caretaker government which ensured more competitive freer and fairer elections in 1991. It took yet another political struggle in 1995-96, led by Sheikh Hasina at the head of a broad coalition of parties, to institutionalize the system of non-partisan caretaker government (CTG) to oversee elections and ensure their free, fair and competitive character. The CTG system contributed to the defeat of incumbent governments with regime change in 1996, 2001 and 2009.

Unfortunately, competitive elections and regime change do not necessarily ensure an inclusive democracy. Our elected parliaments tended towards dysfunction as successive opposition parties extensively boycotted the very parliament they had fought for. Elected regimes could rule and legislate in parliament without challenge from the opposition and could thereby remain largely unaccountable for their governance. Whatever checks and balances on unbridled executive power survived were provided through a relatively free media, some voice from civil society and the ultimate fear of eviction from office through a competitive election process.

This fear of eviction from office led the ruling BNP in 2006 to tamper with the system of caretaker government which led to yet another episode of political confrontation that ended in two years of cantonment directed rule. Fortunately the military backed caretaker government presided over a relatively free election which once again brought the Awami League to power in January 2009. The military, in contrast to past interventions in Pakistan in 1958 and 1969 and Bangladesh in 1975 and 1982, relinquished power and returned to the cantonment.

This phase of cantonment-based governance did not end well for the cantonment whose rather heavy-handed attempts to bring about both political reform and leadership change in the two major political parties proved both politically unwise and unimplementable. Within our political inheritance leadership change can only be accepted through a political process and cannot be imposed from outside, least of all from the cantonment. Sensibly the leaders within the cantonment who sponsored these efforts at reform decided to cut their losses and relinquish power through a free and fair election organized by the CTG. However, the episode left a more lasting legacy in endangering the continuity of the caretaker system. As it subsequently transpired, in 2011 the same party, which had historically been the victim of rigged elections and led the campaign in 1994/5 to institutionalize caretaker governance legislated the 15th amendment to the constitution to abolish the system of elections under a caretaker government.

We are all familiar with the outcome of this latest phase in our democratic odyssey. The 2014 election to the Sangshad, held under an incumbent regime, was boycotted by the principal opposition alliance. The ruling alliance was re-elected to power but with a mandate from only a fraction of the electorate. More than half the parliament were declared elected without the benefit of any vote cast in their favour. This melancholy outcome may have originated in an electoral boycott by the BNP led opposition alliance, compounded by unacceptable levels of violence on the streets to sustain the boycott, but the end result of this political drama, a

diminished democratic mandate for the incumbent regime, remains an objective reality. This awareness, of their weakened mandate does not appear to have inspired any undue concern among the leaders of the ruling party. Considering their historic role in leading the democratic struggle for competitive elections, this role reversal remains a matter of concern for the sustainability of our democratic tradition.

As it stands it is uncertain as whether, when and how the incumbent regime expects to return us to an electoral process which is free, fair and genuinely competitive. The national election scheduled for 2019 will be held under the mandate of the 15th amendment with an incumbent regime in office. The BNP and its allies appear to be politically impotent to challenge this dispensation with their party in organizational disarray. At best, all parties and the electorate can hope for a somewhat more credible and less partisan Election Commission (EC) to organize the elections. How far the EC will be permitted to neutralize the pervasive influence of an incumbent regime in office for a decade, presiding over a partisanised administration which manages election at the ground level, remains to be seen.

Much will depend on whether the incumbent regime has sufficient confidence that its track record in promoting economic development and the conduct of the War Crimes trials can ensure their victory in a relatively free, fair and competitive election. Though it must be kept in mind that such political rationality at the national level may not carry over to the constituency level. In each constituency the incumbent parliamentarian will be under challenge not just from the opposition but from contestation for spoils of office from within their own party. This may inspire acts of undemocratic entrepreneurship to return to office at any cost.

Exclusionary democracy

Even if we manage, in due course, to ensure the participation of all mainstream political parties in the electoral process, our prevailing democracy is likely to be far from inclusive either politically or economically, due to the disproportionate predominance of the business community/affluent people in our elective bodies. Similarly, women who constitute half the voting population still have single digit representation through direct election to parliament, notwithstanding the dominance of our democratic process over a quarter of a century by two women. The constitutional arrangement for nominated seats for women effectively disempowers them inside parliament and does scant justice to their political importance or economic contribution.

Religious and ethnic minorities are also underrepresented in our elective bodies and remain marginalized from the centres of decision making and economic opportunity. Political disempowerment in our elective bodies has left minorities vulnerable to predatory assaults on their property and person where the protection of the law remains largely episodic.

The most numerous component of the electorate, our working people, tend to be virtually unrepresented in electoral bodies, serving mostly as voting fodder in the election process at all levels. While our elections are fought in the name of the working masses, candidates from such backgrounds can ill afford to compete in elections or even to receive party nominations. The increasing dominance of money in our electoral politics has made it a largely rich mans game. In this respect our politics is not very different from so called democratic politics in our neighboring countries or even in the United States, as manifested in the election to the Presidency of a billionaire businessman masquerading as the champion of the common man.

The consequential outcome of such an undemocratic dispensation indicates that money and muscle power have emerged as key variables in the electoral process in Bangladesh. Such a system has disenfranchised the majority of the population from both representation and articulation of their concerns.

Political parties, as they exist, fail to aggregate the concerns and give voice to these various unrepresented constituencies. The parties, particularly when they are in office, remain less interested in policy concerns and disconnected from the ideological issues which were once central to the political discourse. Concern over realizing the *Mukhtijuddher Chetona* through constructing a more inclusive society remain largely rhetorical exercises performed on public platforms.

Such an undemocratic representative system has some sinister consequences manifested by the increasing trend towards interest-group centric agitations, largely expressed on the streets through sit-ins, *gheraos*, street blockages. Organized parties appear to have little control over these autonomous and largely spontaneous mobilisations. No political or institutional mechanisms are at hand for dealing with such forms of activism through dispute resolution. As a result, disputes are addressed on the basis of strength and/or influence of the group concerned rather than prioritization of the needs of the most deserving. Such unresolved conflicts are precipitating endemic and proliferating violence. **Within an exclusionary democratic process**

embedded in a predatory, greed driven social universe disconnected from moral compulsions, extremist ideologies, some inspired by a cult of violence to project their cause, find more fertile soil to incubate among our youth.

The crisis in the political parties

In such a universe the principal casualty appears to be the contamination of the political parties. The party organizations at the grassroots level tend to be captured by depoliticized groups/individuals motivated by material gain, seeking to monopolise access to state patronage and market opportunities. This transformation in our political culture has progressively eroded the political values and sense of commitment which historically underwrote the early phase of our democratic struggle and the liberation war.

A winner take all culture prevails as an instrument of public resource allocation. A corresponding loser lose all paranoia, including loss of livelihood, security and even life, renders the cost of surrendering office prohibitive. Within such a culture, with the opposition excluded from all opportunities, we witness the emergence of intra-party contestation with the periodic resort to violence as a route to claiming resources. Even in contestation for markets resort to violence, backed by political patronage and abuse of state power (vide, Nur Hossain and the earth moving business in Narayanganj) has become increasingly evident and undermines the competitive process.

This degeneration in political motivation has also corroded student politics which once upon a time was in the front lines of the democratic struggle, first against Pakistani rule and subsequently in the campaigns against cantonment autocracy. In recent years our student politics appears to be motivated less by a public purpose rather than the prospect of material gain, often extracted through resort to violence.

The party hierarchy and organization appears powerless to mediate intra-party conflicts or discipline their student wings. Weakness in inner-party democracy has left the major parties with limited control over the party organization which contributes to indiscipline and factionalism within the party, particularly at the local level, where the glue of shared ideology no longer appears to be available to sustain a common sense of purpose.

Such an anarchic dispensation remains detrimental to good governance due to the collusion, corruption and consequent dysfunction of the state machinery which plays an instrumental role in facilitating resource capture by the politically influential. Such malfeasance, backed by violence, can only remain sustainable under a system of partisan law enforcement backed by material inducement. Prosecution under the law is used selectively, largely as a political weapon, to punish enemies/silence critics or patronize supporters. As a result, the protection of the law remains undependable.

The above cited practices built around contestation over public resources raise the costs of doing business and delays project implementation which further adds to the cost of development. We have indeed registered significant developmental successes but these have been much costlier than they might have been. Of more relevance to the political process such public demonstrations of resource capture, usually by those patronized by the ruling party of the day tarnish the image of the regime and detract attention from its more positive achievements.

A Suggested Agenda for Change

If we reflect on the rich entrepreneurial resources which have driven our development, our gains appear less paradoxical. Malgovernance has not been able to stifle entrepreneurship but it has imposed greater costs and yielded lower returns. If we aspire to transform Bangladesh into a land of opportunity which could compete, at least with Vietnam if not China, we need to address these deficits in governance. If we are to move beyond our aspiration to be another Vietnam and build the inclusive democracy which inspired our liberation struggle we need to liberate the entrepreneurship held captive within a much broader section of our population. We will address such an agenda for inclusion under two heads, political and economic.

The political sphere

We need to build political and public opinion to ensure:

- A free and fair electoral process which is built upon political consensus and ensures that all political players participate.
- A genuinely independent Election Commission, selected through political consensus, which commands universal credibility.

- Public financing of elections and political parties but based on complete transparency in access to and use of public as well as private funding.
- Ensuring selection of candidates by political parties which, eventually leads to:
 - 50% representation of women in parliament and local elective bodies through direct elections.
 - A strong representation of the small farmers and working class in parliament and other elective bodies.
 - Representation of minorities, commensurate with their numbers, in parliament and ensuring full and equal protection of their personal and property rights under the law.
 - Reconstruction of existing political parties to accommodate the above mentioned constituencies.
 - If established parties cannot broaden their constituencies to include these excluded groups the emergence of political parties which specifically reach out to these constituencies to aggregate their strength and amplify their voice, may be needed.

Promoting economic inclusion

Political representation of the disenfranchised will be partly realized if such groups can be empowered through enhancing their collective strength through agendas for inclusive development built upon expanding social safety nets. In the absence of more durable options for institutional change such budget financed transfer programmes remain necessary but are no substitute for structural solutions which address the sources of exclusion.

However, we should, keep in mind that within an unaccountable and corrupt polity such programmes for public provisioning expand opportunities and the resource base for rent seeking. This further empowers political intermediaries through enhancing their capacity for patronage distribution. This demands measures of oversight from above and accountability from below to ensure that public resources fully reach their beneficiaries without leakage in the delivery process.

Use of public resources to construct social safety nets for the economically deprived, remain obligatory on any government but should not be regarded as a long term solution to challenge the poverty and inequities in our society which originate in an unjust, exclusionary social order.

To challenge such injustice we need to work for structural change. Some suggested changes are offered below:

- Build institutions designed to mobilise the collective strength of small farmers, SMEs, micro-entrepreneurs and other such resource-poor groups, in order to realize economic externalities which enable them to compete in the market place against large scale enterprises and access the upper tiers of the market. Such an arrangements will contribute to enhancing the share of primary producers, service providers, small scale entrepreneurs and wage workers in the value addition process. Provision accordingly need to be made for such smaller scale enterprise to access an enhanced share of total credit along with productivity enhancing capital equipment and technology customized to serve SMEs as well as household enterprises.
- Provision of opportunities for working people, particularly in the RMG sector, to become stakeholders in their enterprises through right of share ownership.
- Small scale service providers such as day labourers, rickshaw operators, street cleaners, boatmen need to be empowered to become competitive players in the market through institutions based on collective action which enable them to realize the benefits of externalities originating in larger scale operations. We could envision a corporate entity in Dhaka city owned by rickshaw drivers who own a large fleet of such rickshaws, under modern management with access to bank finance, legal services and provisions for health insurance. Such an entity would be backed by its own well-equipped workshop which can service and even manufacture rickshaws.
- To graduate migrants from their status as disempowered individuals, at the mercy of exploitative intermediaries, institutions based on collective action need to be constructed which transform them into owners/partners in large scale service exporting corporate enterprises. These enterprises should be able to negotiate service contracts with labour importers and assume responsibility for transporting their migrant owner/workers, to their countries of work where they would be provided with health care and legal protection both at their place or work and at home. Such corporate enterprises should not just ensure the prompt, secure remittance home of worker's earnings but should make provisions for collectivity investing some of their savings in more productive projects.
- Macro financial institutions need to be restructured so they can respond to the credit need of the above constituencies. This would require:

- Designing financial products and institutions to capture part of the savings of the above collectives, including those of the migrant community.
- Intermediating access of these collectives to acquire ownership of corporate wealth.
- Mobilizing savings of these collectives to invest in infrastructure projects such as Padma bridge.
- Upgrading the more mature MFIs to become competitive financial institutions owned by and exclusively serving their low income clients.

Inclusive governance for a democratic society

Malfunctioning democracies, manifested through dysfunctional representative institutions, contribute to malgovernance through excessively weak accountability of public institutions. Accountability is further weakened in the absence of competitive elections. Such unaccountable governance encourages corruption and perpetuates inefficiency. To promote better governance we therefore need to:

Ensure enhanced accountability

This requires provisions for right of recall for MPs who do not honour their commitments to their electorate or engage in malfeasance.

- Guarantees for sustaining freedom of the media and providing opportunities for broadening its ownership.
- Accountability for those in positions of authority in public institutions to citizens, voters and service recipients.
- We should establish transparent administrative hierarchies of accountability which clearly define responsibilities of service providers, punish wrong doing and reward good performance.
- Accountability for private corporate bodies to their shareholders/depositors/customers.

Ensuring total transparency

This requires:

- Making the right to information stronger and more comprehensive.
- Use of internet/web technology to put all information on use of public funds into the public domain. Eventually, access to information on all aspects of governance should be available. This should *inter alia*, cover:

- Tender documents/bidding outcomes/decision making process/identities of local intermediaries.
- All government files, except those relating to national security, should be accessible.
- Through websites the public should have ready access to the bank accounts and tax records of all Ministers, MPs, local elected officials, public servants, private entrepreneurs receiving benefits from public institutions via bank loans, loan rescheduling, public subsidies and other such supportive interventions involving the use of public resources.

Conclusion

The challenges and responses suggested above may appear formidable. What places my proposals, at least within the realm of the possible, is the enormous potential congealed within the people of Bangladesh. Much of this potential is self evident and has manifested itself in significant improvements in our levels of living which have been registered in recent years, often under extremely adverse circumstances. In particular areas such investment in infrastructure, human development and social safety nets, state policy has supported entrepreneurial effort but much more can and should be done. The primary task of the state should be to minimize rent extraction from our entrepreneurs, recognize their contributions at all levels and build upon their gains.

These human resources available to us not only project the enormous potential for change but our entrepreneurs constitute a large constituency which is likely to be supportive of any move to more fully unleash their potential through removing their shackles and providing the right incentives through appropriate structural change. Such a constituency should be accommodated within our political process and used as agents of change in our society.

A political leader, with a vision to fulfil the unrealized dreams of our founding fathers, who has demonstrated a capacity for bold leadership, should be able to rise to such a challenge. Building an inclusive democratic society demands much more than realizing such quantitative statistical targets as attaining middle-income status or even reducing the percentage of people classified under the poverty line. What our founding fathers aspired for and for which our people sacrificed their lives, was a truly just, inclusive society realized through the democratization of both political and economic opportunity. Building such an inclusive society will not only be socially transformative but will ensure long term sustainable development which will provide the strongest protection against extra-democratic usurpation or extremist challenges.