Introduction

The central thesis of this paper is that pauperization and/or marginalisation is neither a necessary nor a sufficient condition for political instability in a country. Even if one recognises these processes as a potential source of instability, they may or may not turn into real instability depending upon other attendant factors. For example, even the radicals who explicitly start from the fact of economic misery do also recognise that sometimes extreme poverty may not lead to revolutionary outburst if the vanguard party which will lead and organize it is absent or if the miserable group still has some hope of reform left in their mind. On the other hand, any well-prepared independent political agency from the right or left can sometimes deliberately create or fan up political instability even if the process of poverty and marginalisation is found to be declining or stagnant. Thus political instability is an end state resulting from an interaction of a host of economic, political, social and cultural factors. It is true that any one factor can trigger instability but the depth and spread of that instability will be considerably determined by the role of the other attendant factors. Thus each case of political instability will have its own special historical configuration of forces behind it and has to be studied historically and case by case.

The specific aim of this paper is to prove this general thesis with reference to the actual historical examples of political instability in post-independence Bangladesh. In this connection relevant international experiences are also cited.
As a derivative to this exercise one may also find here some useful indications about what to do for reducing the potentiality of political instability in Bangladesh.

Preliminary Concepts: Different Schools of Socio-Economic Development

The radical school argues that class conflict is inherent in every class divided society. And unrestricted capitalist development inevitably increases inequality and marginalisation of the relatively deprived classes of the society. This social injustice is seen as an essential basis or an important factor of potential instability in such societies. The potential instability may turn into a real danger especially when the various reformist measures by the ruling elites to minimise the discontent of the vocal suffering classes fail.

The conservative school believes in the merit of free capitalist development with minimal state intervention. It favours privatisation of almost everything and bets for free competition in the market. Thereby in the long run, they argue, as Kuznets Curve also shows that the problem of poverty and marginalisation will be automatically eradicated as the per capita income will rise, scarcity of labour is created, wage begins to rise and economy enters into a capital intensive growth path. Furthermore, in order to sustain this conservative new liberal strategy of development, some members of this school are even prepared to dispense with democracy as was seen in Chile.

The middle of the road followers are also in favour of the general design of capitalist growth but want to embellish it with one or another kind of democracy and thus try to keep up a human face. They also believe in capitalist competition in the market but along with some safety net provisions for the poor and the marginalised. According to the most liberal members of this school, a minimum provision of basic needs for all and a democratic polity is enough to ensure socio-economic stability.

Persistent Political Instability in Bangladesh

In Bangladesh since independence, all three types of policy regimes apparently seem to have had the opportunity to rule and all of them have proved themselves to be politically
unstable. If the post-liberation first government of Awami League under the leadership of Sheikh Mujibur Rahman is allowed to be called a relatively radical regime, then its rule had lasted only for four years and was ended through a bloody military coup. After the fall of this so-called radical regime, the state power in Bangladesh was more or less, directly or indirectly, controlled by the various conservative army regimes till 1990. They had been ruling the country during the neo-liberal Reagan-Thatcher epoch with or without the facade of democracy and had actually tried to follow vigorously the neo-liberal policies of development. But political situation during that period had also largely remained unstable. In 1991, a popularly elected Government came to power in the wake of a mass upsurge, through a reasonably free and fair election but it also could not ensure political stability. The next successor of that regime has also come to power through a similar type of democratic election but after two and a half years the country has again begun to show significant signs of political instability. Both of these post-ninety democratic regimes pose themselves as essentially a "middle-of-the-road followers" but they have deep-rooted mistrust between themselves and also inherit mutually contradictory cultural outlooks towards the national identity of the people of Bangladesh. As a result of their political rivalry, the political situation in the country is yet to be stabilised.

The obvious conclusion from this brief historical summary is that, in spite of the differences in the economic policy regimes, political stability has not been achieved so far in Bangladesh. Therefore, one can surely argue that the relevance of any economic policy regime, however pro-people it may be, lies not only in the adoption of concurrent policies by the political authority but also in the degree of their effective implementation. And if all the regimes had equally lacked adequate vision, commitment and capacity to implement their own adopted strategies then irrespective of changes in the regime and policies the outcome will remain more or less miserable! (M. M. Akash, 1998, for further elaboration of this point). The popular wisdom in Bangladesh actually says the same thing when they pronounce the following proverb:
"Je Jai Lonkay Shei Hoi Rabon! (Whoever captures power turns into a demon!)."

In terms of actual economic performance during these regimes, the average trend growth rate was the highest during the Mujib regime, almost equalling to 6.5 percent, although might be this high rate was a result of the low base of GDP immediately after independence. On the other hand, poverty and marginalisation had been increasing sharply during this period due to both external shocks and internal management failures. The downfall of Mujib was not directly due to a poverty induced socio-economic instability, although widespread dislocation in the economy and the 1974 famine might have partly contributed to the creation of a favourable ground for the coup makers in the sense that it had turned the people merely into a stunned passive spectator of it.

During the subsequent period (1975 to 1990) of direct or indirect army dominance the average trend growth rate declined and varied between three to four percent. But during the period of both General Zia and General Ershad the poverty situation had improved significantly. In 1973-74 the head count poverty ratio in the rural area had reached the post-independence peak level of 71.3 per cent. After the rule of General Zia and President Sattar, by 1981-82 when general Ershad took over the power, the poverty ratio had already come down to the level of 65.3 per cent and it continued to decline further to become 53 per cent in 1991-92, two years after the fall of General Ershad.

During the last two democratic regimes normal period growth rate varied between 4.5 to 5.5 per cent and the head count poverty ratio came down a little more and has become stabilized at the level of 50 per cent.

The above economic evidences clearly show that the army regimes, even though were able to reduce poverty significantly and could maintain the usual standard low "Bangladeshi" growth rate, ultimately could not maintain political stability in the long run. On the other hand, both the traditional democratic regimes initially started with a broad based democratic support, maintained the standard low "Bangladeshi" growth rate and also to some extent halted the process of further deterioration of absolute poverty, yet after some time they also lost their political stability. The
experience with the short-lived radical economic regime of Sheikh Mujibur Rahman was very pathetic. Actually it was not even allowed to test its policies for a reasonable period of time and, from the very beginning, was under fire from both the extreme right wing and extreme left wing from within the party and from without. International factors were also heavily tilted against it.

So far there have been three different immediate or direct sources of political instability in Bangladesh. They are:

a) Ambitious army personnel
b) Broad united mass movement led by "middle-of-the-road" parties.
c) Political rivalry between the two "middle-of-the-road" parties.

None of these sources or agents of political instability had the economic issue of pauperization and marginalisation as their principal agenda. The radical parties who could actually play that role had also been associated with these processes but never as the leader of these movements. Does it then mean that there has never been any economic discontent in the society?

**Rich versus Poor: Some Stylized Facts**

Professor Sobhan has recently entitled his Najmul Karim memorial lecture as "From Two Economies to Two Societies". This title aptly reflects the true situation in Bangladesh. Let me focus on some latest stylized facts to substantiate this claim.

1) The total number of poor in Bangladesh (i.e., who take less than or equal to 2122 kcal) is 5 crore. Of them 2.50 crore take even less or equal to 1805 kcal. (UNDP Report; *Sangbad*, 12 July 1997).

2) 56 per cent households are poor in the urban areas while it is 51 per cent in the rural areas (UNDP Report; *Sangbad*, 12 July 1997).

3) Almost 6 crore citizens of Bangladesh take food only once a day.

4) If per capita income grows at 1 per cent rate then for moderate poor it will take 51 years to cross the poverty line, while for extreme poor it will take 89 years. And even with the
officially set target of 4 percent per capita income growth the estimated required time will be 13 and 23 years respectively.

5) While the bottom 40 per cent owned 2.1 per cent of land in 1988, they now own only 1.9 per cent of the same. In 1988 the top 5 per cent owned 30 per cent of land and they now own 34.6 per cent (UNDP Report, Sangbad, 12 July 1997).

6) The access to bank credit is also very skewed in Bangladesh. A former Governor of Bangladesh Bank, Mr. Lutfar Rahman Sarkar, has reported that respectively about 60 per cent and 20 per cent of the bank loans are going to only 5 per cent of the people, living in Dhaka and Chittagong cities (Sangbad, 19 October 1997).

7) As of 30 September 1997 the level of loans overdue to the country’s financial institutions amounted to Tk. 12960 crore, of which Tk. 10820 crore is due from the private borrowers which is about 83.3 per cent (Sangbad, 12 March 1998).

8) The 20 biggest defaulters from the private sector had taken 937.39 crores of taka from various banks, of which 96 per cent is overdue. In other words, the total overdue to only twenty persons equals Tk. 898.13 crore. And remarkably, only one person, from Narayanganj, had an overdue of Tk. 163.79 crore in default as of 31 December 1996.

9) In response to a question in Parliament, the Finance Minister reported that the number of defaulter enterprises was 2117, each of which had a default of over Tk. 1 crore. This includes both public and private enterprises (Sangbad, 5 March 1998). Later on some businessmen raised a hue and cry over an alleged mistake in the list. The Chamber then asked the aggrieved parties to submit proper evidences. But only 70 out of 2117 could submit such evidences.

10) Amidst rampant inequality with the help of their local agents foreign companies are also exploiting Bangladesh. In 1992 the foreign capital was allowed to be invested in the share market of Bangladesh. From 1992 to October 1997, the total foreign capital inflow to the share market was Tk. 779.52 crore. The greater part of this share capital was primary share and was bought at their face value. During the same period these foreign companies resold their share worth Tk. 692 crore at a price of Tk. 1054.73 crore. Thus their capital gain
was Tk. 362.73 crore. The rate of return on capital invested was 52.42 per cent! Till October 1997 the foreigners took back 90 per cent of their investment and only Tk. 87.52 crore of foreign investment was left. However, they actually withdrew Tk. 1079.83 crore if we add the dividend money to the selling price of shares which is higher than their total investment of Tk.779.52 crore. The situation is also not very healthy with respect to foreign direct investment. Especially there are numerous complaints about the oil and gas sector investment conditions; because of non-transparency the deals in this sector are not known even to the Members of Parliament.

11) If we look at the tax and the expenditure pattern of the successive Governments we again find not only a heavy reliance on the regressive system of indirect taxation but also a significant bias towards unproductive expenditure. In 1973-74, defence expenditure (budget) was only Tk. 60 crore. In 1985-86, it was Tk. 600 crore, while it was Tk. 1180 crore in 1991. Thus it had become almost double in 6 years. In 1996-97 it was Tk. 2270 crore, i.e. redoubled again. Finally we see that the defence expenditure is Tk. 2,900 crore in 1998-99.

12) However, most of the Members of Parliament themselves are not very eager to take up all these hot issues of social justice into the purview of their discussion. This could be easily understood if we remember the changing composition of our Parliament Members. The majority of them now either come directly from or are intimately connected with the rich class of Bangladesh. This is no longer an accidental connection, it has become a prime necessity for winning the expensive election game. In the elections of 1991 and 1996 both the ruling party and the main opposition party, the Awami League and the BNP, had spent huge amount of money. Some put the figure as no less than Tk. 500.00 crore. The present election law sets a limit of 3 lakh Taka for the MP election, which was violated by almost everybody. After that the violators naturally had to submit false report of expenditure to the Election Commission. But interestingly, the Commission reported that 182 candidates had not submitted any report at all. The Commission issued show-cause notices against 36 of them and lodged law suits against 17. But after that everybody has as usual forgotten everything.
13) In one of the last parliamentary sessions we had observed an example of rare national unity among the Parliament Members from all parties on the question of increasing the salary, allowance and other privileges of their own. But nobody at the same time pointed out to the other about the responsibility aspects of the MPs. It was published in the newspapers that Tk. 5 crore 4 lakh was due from 400 MPs of the 3rd, 4th and 5th Parliament on account of their telephone bill (Article by M. Rahman, *Bhorer Kagoj*, 10 October 1997).

14) This unity among the Members of the current Parliament is not surprising since increasingly they are being elected from the same class, i.e. the rich business class of Bangladesh. Although they run their elections by holding different party tickets but they actually come from the same walk of life. The figures presented in table one suggest very strongly this tendency towards homogeneity of Parliament Members in Bangladesh. The latest figures for the 1996 Parliament are not available but preliminary observations suggest that the past trend has been strengthened further.

**Table: 1**

**POLITICS: INCREASING INFLUENCE OF RICH**

<table>
<thead>
<tr>
<th></th>
<th>LAWYERS (%)</th>
<th>BUSINESSMEN (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>55</td>
<td>4</td>
</tr>
<tr>
<td>1973</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td>1990</td>
<td>19</td>
<td>53 (BNP=66%, AL=51%, JP=68%)*</td>
</tr>
</tbody>
</table>

* Note: BNP stands for Bangladesh Nationalist Party, AL stands for Awami League and JP stands for Jatiya Party.

Source: T. Maniruzzaman, P.149

The above mentioned stylized facts prove that there exist enough inflammable materials in Bangladesh for the radical
politicians of the country. But so far they have failed to utilise these issues of social justice to create any significant mass political upheaval in the country. The last radical wave Bangladesh had experienced was in the late 1980s under the leadership of SKOP (Sramik Karmachari Oikya Parishad - a united front of all industrial trade unions). At that time the movement was directed against autocracy and the "middle of the road followers" had also supported that movement, of course with some hesitation too! However, the left party was also stronger at that time, as socialism in the Soviet Union and in Eastern Europe had not then collapsed and the workers themselves were strongly united against privatisation. All these favourable conditions are absent today and the ruling elite, after having learned from their past experiences, are now handling the issue of privatisation very slowly and cautiously indeed!

On the other hand, people's misery in the rural areas is not turning into a revolt possibly because of the wide network of various NGO-based deliveries and also because of inadequate morale among the rural middle class cadres of the radical parties. The high elasticity of the current regime, which is constituted of "middle of the road followers", has also increased considerably the scope of reforms within the existing structure and thus partly dampened the strength of the revolutionary politics.

Democracy and Development: International Experience

The first problem of establishing the correlation between Democracy and Development is the problem of definition. If we define democracy by using the western norms of multi-party system and a set of other liberal rights of the citizen, obviously we shall find no democracy in some of the developing countries like South Korea, Singapore, Chile, Vietnam, China, etc. However, in terms of economic growth almost all these countries have shown an above average performance as compared to many other more democratic states included in the set of developing countries. Now if we define Development in a broader way to include human development and equity under it, then also the performance of these countries will prove to be broadly better than the
average performance of the developing countries. This is not to say that all democratic countries have performed badly in economic terms. It only shows that development is compatible with authoritarian regimes. But is there any causal relationship between them? Some authors have indeed tried to establish such a relationship from the negative side. While studying different regimes of South Korea, an influential study made by Jones and Okong had claimed that hard state is more conducive to economic development since it can effectively implement its vision of economic development. For proving this hypothesis they interviewed a large sample of top successful entrepreneurs of South Korea and asked them: "Once the current Govt (Park) has made a decision affecting business, how effective is it in ensuring compliance? And what about the Rhee Government?"

The responses to these questions had yielded the following interesting pattern of response:

**TABLE: 2**

<table>
<thead>
<tr>
<th>Type of Response</th>
<th>Park Regime</th>
<th>Rhee Regime</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always implemented, impossible to avoid complying.</td>
<td>78.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Almost always implemented: sometimes possible to avoid complying.</td>
<td>16.6</td>
<td>17.2</td>
</tr>
<tr>
<td>Implemented with modifications</td>
<td>1.7</td>
<td>50.5</td>
</tr>
<tr>
<td>Seldom thoroughly implemented</td>
<td>3.5</td>
<td>29.5</td>
</tr>
<tr>
<td>All</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Jones and Sokong (1980)
The above response pattern shows how a hard state under Park had successfully controlled the entrepreneurs to deliver their goods and had indeed secured a far better performance than the soft state led by Rhee Government. But the story cannot and should not end here. The question whether such non-democratic models of successful economic development could be sustained over a long period of time has already been tabled in the international development forum. After the fall of the USSR and the financial crisis in East Asia, the general consensus is that development may take place without democracy in the short run. But today or tomorrow, as a result of economic development (and more so if it also embraces human development), people will become more and more educated and culturally capable; and all this will eventually lead to a demand for more freedom of choice in all spheres. This demand may even outstrip the boundary of the prevailing form of western democracy and market economy as well.

In the face of such argument, the conservative school of economics may immediately ask, "Do we have enough hard evidences in favour of these assertions"? Although the debate is still an ongoing one, a primary attempt has already been taken by Svante Ersson and Jan-Erik Lane (1996). They had indeed carried out a rigorous regression exercise covering almost 130 contemporary states, each of which had a population of at least one million or above. Their analysis was based on the time series data on Democracy and Development up to 1990 for all these 130 states. In their model, degree of democracy was measured by using a composite index capturing mainly the extent of political and civil liberty rights available to the citizens of the given polities. And development was defined and measured along three separate dimensions, such as economic growth, decrease in income inequality, and human development. The very interesting finding of that study is quoted below:

"The findings imply that the answer to the democracy-development causation problem depends upon what is meant by "Development". There is only one robust relationship that we have been able to identify, and that concerns democracy and human development. The positive finding concerns the interaction between democracy and quality of life, which is
stable over time and also independent of what measures we have relied upon.... The first positive conclusion that we may draw is that democracy tends to go together with human development. But it is premature to conclude that this is a one-way causal relationship, since we have not excluded the possibility that the level of human development may be conducive to democracy. The second positive conclusion is that democracy is not an obstacle to economic growth or a fair income distribution" (Svante Ersson and Jan Erik Lane, 1996)

Thus, whether we like it or not, world history shows that lack of democratic political rights is compatible with economic growth and decrease in economic inequality or marginalisation and that such a development may not create any problem of political instability at least in the short run. However, the facts also show that, as people at large become more educated, healthy and begin to have a longer expected life span, the question of political freedom is bound to become an important concern and that at that stage lack of democracy can be a source of mass discontent and potential political instability.

The implication of this analysis for Bangladesh is that a hard state, delivering economic growth and also improving the position of the marginalised sections of the society, may remain politically stable for sometime in Bangladesh.

Conclusion

Bangladesh experience shows that economic marginalisation is not a sufficient condition for political instability. While there are enough inflammable materials in Bangladesh for radical politics, whether they will lead to a violent social revolution will largely depend upon the flexibility of the ruling class and the strength of the radical political parties in Bangladesh. Meanwhile, political stability can still be endangered by the internal strife among the same ruling class and/or widespread governance failure.

Authoritarianism is not a real long-term solution to the problem of instability. Both national and international experiences show that in the long run an authoritarian model of development is bound to fail. However, whether in the short
run a hard state is preferable or not remains an open question. The real issues to the present author seem to be: "Hardness" towards whom or more significantly "towards which class"? And also, the role of the state "in favour of whom" as well as "state run by whom"? The democracy that is now functioning in Bangladesh lacks effectiveness and the Parliament is also not guided by the will of the large majority of the people. Mere formal democracy without people's effective participation will inevitably create a tension today or tomorrow. The future political stability will, therefore, largely depend on how soon the ruling elite becomes conscious of this tension and how efficiently they redesign their state policies and institutions to minimize it. The issue of institutional reform and the necessity of proper governance have already been taken up by the World Bank, the so-called development guardian of Bangladesh. The concluding sentence in the World Bank Report 1998/99 is:

"Recent development thinking has been based on the assumption that markets work well enough to ensure development and alleviate poverty. Our growing understanding of information constraints suggests that markets alone are often inadequate, societies also require policies and institutions to facilitate the acquisition, adaptation and dissemination of knowledge, and to mitigate information failures, especially as they affect the poor. This view implies an expanded mandate for public action. Yet governments, like markets, are hampered by information failures. In deciding which problem to address, policymakers balance the size of the information problem and the resulting market failure against the capacity of the government to improve the situation. The appropriate course of action will vary depending on the circumstances." (World Bank, 1998; P. 166)

Elsewhere in the same Report it was also mentioned:

"Many ways of listening to and learning from the poor are now taking hold. Perhaps the most important is involving poor people in the design and implementation of projects intended to benefit them. One set of numbers reveals the power of beneficiary participation, which at last the development community is recognising as fundamental. (Emphasis is the
Of 121 rural water supply projects in 49 countries, those that involved beneficiaries in project design achieved a success rate of 7 in 10, compared with 1 in 10 for projects that did not involve them. The study also found the governments have a key role in fostering beneficiary participation" (World Bank, 1998 P.153)

I have forwarded two long quotations from World Bank report not because I am very fond of their strategy of development, but to show to our complacent elites that even their development "GURUS" have begun to think non-traditionally.
Endnotes

1. One example of how a reform measure dampens the radical wave can be cited here from our own history of radical peasant movement in the late 1940s. Professor Ahmed Kamal wrote, "On 22 January 1947, the Bengal Bargadar's Bill, which promised to introduce the tebagha system shortly throughout the province, was published in the Calcutta Gazette. This announcement effectively dampened the agitation. The Sharecropper Bill acted as a kind of catalyst in agrarian relations, arousing both fears and hopes about imminent important changes" (Ahmed Kamal, 1997).

REFERENCES


