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The Dilemma of Politics and Development of Bangladesh

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Abstract

To what extent politics and political regime changes affect a country's economic development, and its distribution of wealth and social benefits? Some scholars argue that a democratic government is essential to promote efficacy of resource allocation, protection of property rights, fair competitiveness in a market economy, and hence of growth and socio-economic development. Others argue that democracy delays and obstructs decision-making, thereby undermining economic growth and development; so an authoritarian regime is needed for rapid economic growth and development. Considering these long-standing theoretical debates, this paper examines the comparative achievements of democratic and authoritarian regimes in Bangladesh from 1981-2001. Since independence in 1971, Bangladesh has witnessed both democratic and authoritarian militaristic rules. Analysis of data from the Bangladesh Bureau of Statistics (BBS) and the World Bank suggests that development performance of Bangladesh during the 1990s under democratic governments had been comparatively stronger than that during the 1980s under militaristic authoritarian governments. Democracy is a precious commodity in a developing country like Bangladesh, and should be considered as a necessary precondition for its sustained development.

Key Words: Democracy, Dictatorship, Growth, Inequality, Development, Bangladesh.

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Introduction: Background and Objectives of the Paper

The primary conditions that promote development are high rates of growth, savings and investment (both in physical and human capital), a business friendly environment, technological progress through research and development, and efficiency in the use of resources that are nurtured through fair competitiveness both in home and foreign markets. There are historical evidences that development can be achieved either by a democratic government or an authoritarian regime. So one can argue that a democratic system is not an essential condition for development; an authoritarian system may also initiate and promote development. However, many researchers have sought confirmation for a dependable hypothesis expressing systematic relations between characteristics of political regimes and patterns of national development. This type of argument and search has led to critical rethinking of development policies and practices.

Like many other developing countries, Bangladesh has witnessed both democratic and militaristic/authoritarian rules since its independence in 1971. The country's first Prime Minister Sheikh Mujibur Rahman was assassinated in a military coup on 15 August 1975. After several coups and counter coups later in the year, Major General Zia-ur-Rahman emerged as the supreme ruler (see, Maniruzzaman, 1976:125; Jahan, 1980:197-198). In 1981, General Zia was assassinated in a failed coup attempt. Later, on 24 March 1982, Lt. General H. M. Ershad snatched power from an elected government in a bloodless military coup beginning a period of authoritarian military control that lasted into the 1990s. On December 1990, Geneneral Ershad was toppled from power through a mass political movement, and a non-partisan caretaker government was established (under Justice Shahabuddin Ahmed) for conducting a free and fair parliamentary election.

In February 1991, a widely accepted general parliamentary election was held under the non-partisan caretaker government. This brought the Bangladesh Nationalist Party (BNP) to power and its Chairperson Begum Khaleda Zia (the widow of President Zia-ur-Rahman) became the Prime minister. The next general parliamentary election was held under a caretaker Government on 12 June 1996. This resulted in the victory of the opposition party Awami League, led by Sheikh Hasina (daughter of Sheik Mujibar Rahman, Bangladesh's first Prime Minister), who became the next Prime Minister. Another general parliamentary election was held in October 2001, leading to a landslide victory for Begam Khaleda Zia, and she

again became Prime Minister. The next parliamentary election was due to be held in 2007 but it was postponed by a military supported caretaker government, which held power until 2009, when the election was held. This election led to a landslide victory of the Awami League, and Sheikh Hasina again became the Prime Minister, which post she is still holding.

The main objective of this paper is to analyse whether politics and regime changes in Bangladesh over the two decades (1981-2001) influenced the form and pace of economic growth and socio-economic development in the country during the period. More specifically -

- Do politics or political regime changes matter in respect of the form and pace of economic growth and development in Bangladesh?
- Do politics or political regime changes matter in respect of the distribution of wealth and social benefits in Bangladesh?

1. Data and specifying the Concepts

The paper is based on some books, statistical reports, and journals related with economic growth, inequality, savings, investment, human capital development, and poverty reduction of Bangladesh.

1.1 The Concepts of Democracy and Dictatorship

We need to set criteria with which we can assess regimes either as democratic or authoritarian/militaristic. So, our first effort will be to classify the political regimes of Bangladesh during 1980s and 1990s.

(A) *Basic vs. Quality Criteria.* Democracy can be assessed both by the presence of basic (minimalist) criteria or quality (maximalist) criteria. The basic criteria of democracy refer to the fundamental democratic rights, involving universal suffrage, free and fair elections and the upholding of a number of political liberties. These rights are considered as the yardstick of Western liberal democracy (Holdan, 1974; Pennock 1979 in Teorell et. al., 2003: 3). If a country fulfils these basic criteria to a large extent, it is labeled as democratic. The basic criteria of democracy are certainly important, but from the point of democracy it could be argued that the fulfillment of the basic criteria is not enough; rather we should aim at something more, i.e. quality criteria.

So, in addition to democratic rights, the actual quality of democracy must be assessed in relation to additional criteria (Teorell et. al., 2003: 4), such as “representation, accountability, equality of opportunity and participation, dignity, rationality, security, freedom...” (Przeworski et. al., 2000: 14). However, our general stance in this study is minimalist (i.e. universal suffrage, free and fair elections, political liberties, freedom of the press and media etc.), because we cannot measure the nascent democratic institutions in Bangladesh only with the yardstick of western liberal democracy, as practiced in highly developed countries. If a government cannot fulfill the minimalist criteria, it will be considered as a militaristic, authoritarian, autocratic or dictatorial government. From this perspective, the governments of 1980s in Bangladesh can be seen as militaristic/authoritarian governments, whereas the governments of the 1990s can be characterised as democratic governments.

(B) *Dichotomous vs. Continuous Measurement.* Democracy may be assessed in both dichotomous and continuous terms. Sometimes we may conclude that some countries are ‘democratic’ whereas others are not. By the same token, we may also make the graded statement that some countries are comparatively more ‘democratic’ than some others (Teorell et. al., 2003). Some scholars argue that the concept of democracy is of an “inherently continuous nature” (Bollen and Jackman, 1989: 612), while Gasiorowski (1995: 885) asserts that by using continuous measurement of democracy, we cannot clearly distinguish democratic from non-democratic regimes.

Indeed, democracy could be assessed in both dichotomous and continuous terms. But our purpose here is to classify the political regimes of Bangladesh; so our approach to assessment of democracy in this study is dichotomous; i.e. we consider a regime as either democratic or it is authoritarian/militaristic.

1.2 The Concepts of Development and Inequality

(A) *Development.* The use of the word ‘development’ has become thoroughly pervasive in our everyday life, whilst at the same time a universal definition of the concept still remains a far cry. Though it is assumed that a country’s development is indicated mostly by its ability to achieve high, sustainable and equitable growth, yet development is not synonymous with economic growth. Jones (1990:2) asserts that “development is more than growth; it should be

social development: progress should also be towards social justice and an improvement in the quality of life”, echoing the argument of the Brandt Commission, “if there is no attention to the quality of growth and social change one cannot speak of development” (Independent Commission of Development Issues, 1980: 48). In fact, the concept and definition of development has remained elusive. In this paper we have no intention to go into a thorough discussion of this matter. In this paper, to assess the development performances of Bangladesh during different regimes, we consider some macro indicators of development, such as the rate of GDP growth, the *per capita* GDP growth, the growth rate of agriculture and industry, gross domestic savings, gross national savings, gross domestic investment, and poverty and inequality reduction. For human capital development the paper considers trends in human capital index, the total literacy and female literacy rates in the country.

(B) *Inequality*. Development often entails social differentiation within a country. Obviously more resources are essential so that the cake is larger for the people to share. But, equitable distribution of resources is crucial for sustainable development and accelerated poverty reduction. A recent UN report has identified the glaring economic-socio-political inequality as a major predicament in the fight against poverty (The Inequality Predicament: Report on the World Social Situation 2005). Inequality means “the only difference between rich and other people” (Mankiw, 1997: 421). According to the Oxford Dictionary of Sociology (1998: 313), inequality means unequal rewards or opportunities for different individuals within a group or groups within a society. Our stance in this paper is very simple i.e., we only show the percentage of people living below the poverty line in rural and urban areas, and the degree of income inequality under democratic and militaristic governments of Bangladesh. This paper shows the incidence of poverty and inequality in Bangladesh in the light of The Head Count Index (H), Gini Index, and Human Development Index (HDI).

2. Theoretical Perspectives: Politics and Development

Three influential bodies of scholarly arguments have developed in expressing the relations between characteristics political regimes, economic growth and development. Our discussion begins with a review of these arguments, and then we scrutinize and summarize statistical studies in favour of democracy and authoritarian regimes. With these perspectives in mind, lastly we shall evaluate the performance of different political regimes in Bangladesh.

2.1 The Conflict Perspective

The core argument of the proponents of conflict perspective is that democracy and democratic institutions hinder rapid economic growth and development (see, Galenson, 1959, de Schweinitz, 1964; Huntington, 1968; Sirowy et al., 1990: 128; Rao, 1985). This perspective envisages a competitive relation between democracy and economic growth. It holds that, “successful and rapid economic growth requires an authoritarian regime that suppresses or delays the extension of basic civil and political rights and the development of democratic procedures and institutions, because these later would otherwise subvert the national development project” (Sirowy et. al., 1990:129). According to this perspective, developing countries could not achieve rapid economic growth following a democratic framework; so the logical conclusion is that the developing countries must choose either rapid economic growth or democratic development—not both at the same time (ibid: 128). Seymour Lipset (1959) further argues that economic growth ultimately leads to democracy—so “development first, democracy later”. In fact, a democratic regime may even hinder a rapid implementation of Industrial Revolution in a poor agricultural country.

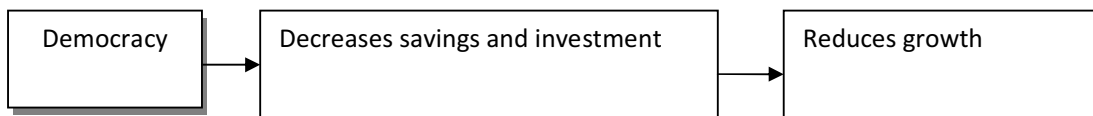
The concept that democracy undermines economic growth was first pronounced in the United States with the emergence of new nations in Asia and Africa. Przeworski and associates (2000:142) mention that, “with the birth of new nations in Asia and Africa, the fear that democracy would undermine economic growth began to be voiced in the United States”. Walter Galenson and Karl de Schweinitz firstly made straightforward statements that democracy undermines growth. In 1959, they both argued that democracy in poor countries instigates people for immediate consumption, which decreases investment, and hence reduces growth. Galenson considers the roles of trade unions and the democratic governments in pulling down growth. According to him, in a developing society trade unions “must ordinarily appeal to the worker on an all-out consumptionist platform”. As for the governments, he mentions that “the more democratic a government is ... the greater the division of resources from investment to consumption” (Galenson, 1959 in Przeworski et. al., 2000: 142). Karl de Schweinitz also holds a similar opinion that democracy undermines economic growth. He says, if trade unions and labor parties “are successful in securing a larger share of the national income and limiting the freedom for action of entrepreneurs, they may have the effect of restricting investment surplus so much that the rate of economic growth is inhibited” (de Schweinitz, 1959: 388). These types of arguments have been sprouting up under the influence

of Huntington. According to Huntington and Dominguez (1975: 60) “the interest of the voters generally lead parties to give the expansion of personal consumption a higher priority *vis-a-vis* investment than it would receive in a non-democratic system.”

Apter argues that coerciveness is best before a certain level of economic development is achieved. He suggests that authoritarian rule is better for the Third World for successfully dealing with the problems of nation building, to contain discontent, and to control domestic pressures (Apter, 1965 in Sirwoy et. al., 1990: 130). Thus, many authors have suggested that authoritarian rule as better for developing countries in maintaining social and political stability while efficiently implementing policies that facilitate economic growth and development of the country.

With respect to socio-economic development, Charles R. Beitz (1982) argues that authoritarian rulers comparatively follow more egalitarian development strategies than democratic rulers. According to him, authoritarian regimes in developing societies are more capable of protecting the interests of the poor and the working classes than democracy can. He further asserts that unrestricted political rights and practices through electoral mechanisms in democracy cannot bring advantages to the more disadvantaged groups of society (Beitz, 1982: 145-66). Huntington and Nelson support Beitz’s position by adding “privileged groups usually become politically active than less privileged” (Huntington and Nelson, 1976 in Sirwoy et al., 1990: 136).

The proponents of conflict perspective argue that authoritarian rulers are better to ensure firmer control over labour and labour market, to achieve greater efficiency in allocation of resources, to use coercion as may be needed, to cut current consumption, promote savings, and for its ability to comprehensively organize and direct economic policies (Sirwoy et al., 1990:130).



2.2 The Compatibility Perspective

Supporters of the democratic model argue that democracy can efficiently allocate available resources for productive uses. They take the position that authoritarian rulers are not

accountable to the people (see Sirwoy et al., 1990: 132; Przeworski et al., 2000: 143); as a result they do not feel responsible to protect property rights. Democracies being accountable to the voters, are better in protecting property rights (Przeworski et al., 2000: 143-144), while allowing investors to use property as collateral for credit by which they inject life into assets and make them generate capital (de Soto, 2003: 7).

Free flow of information under democracy somehow improves the quality of developmental decisions. In this context, some scholars argue that market economy and economic pluralism are essential for economic growth (see, Goodin, 1979; Goodell and Powelson, 1982). Goodell and Powelson emphasized on open competition and predictability as the essence of economic pluralism; these two components can only exist when the political system is based on democratic procedures, which also provides fundamental safeguards to the citizens against the intrusion of government (Goodell and Powelson, 1982 in Sirowy et al., 1990: 133).

Robinson (1995: 1-17) argues that dictators deliberately abstain from development policies because development is likely to give rise to political forces that may topple them from power. Furthermore, as King (1981: 477-504) notes, authoritarian rulers frequently follow capital-intensive development strategy, which is often unbalanced and harmful, not only to the rural population but also in the long run to the society as a whole.

A number of scholars, for example Goodin 1979, King 1981, Goodell and Powelson 1982, and Kohli 1986, have advocated that democratic government is best for the Third World for fostering sustainable and equitable economic strategies. They hold that democratic practices along with fundamental civil and political liberties can only create and promote a healthy environment for economic development. Dreze and Sen (1989) state clearly that no country in the world with a democratic government has ever experienced a famine (Dreze and Sen, 1989 in Przeworski et. al., 2000: 144). Almond reviewed the works of scholars like Robert Dahl, Peter Burger, Daniel Lerner, and Karl Deutsch, who demonstrated statistically that there is a clear correlation between economic development and democratic institutions (Almond, 1991: 469).

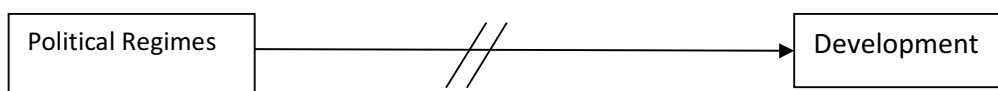
In respect to the effects of political democracy on socio-economic inequality, supporters of the democratic model view that democracy in the long run always operates to reduce poverty and inequality, because democracies do not support “apartheid” like economic

growth policies that directly patronize one section of the population while depriving specific other social groups (Sirwoy et al., 1990: 135).



2.3 The Skeptical Perspective

Some scholars have taken an altogether different position in respect of the relationship between political systems and economic development. They assert that politics or political systems, by itself has very little role in economic growth and development.



Thus Adam Przeworski and Fernando Limongi argue that although politics in a country may influence economic performances, the impact of the type of the regime is not very significant on its economic growth. People also do not know or care as to whether democracy improves or limits economic development. More specifically, they argue that political system like democracy or regime type is not a necessary precondition for developing countries to achieve developmental goals (Przeworski and Limongi, 1993; Przeworski, Alvarez, Cheibub, and Limongi, 2000).

Scholars supporting this skeptical perspective highlight the randomly variable levels of economic performance seen in countries with democratic or authoritarian regimes. They suggest that emphasis should be given on those factors that may vary in countries with a democratic system. This would help to find those factors which play major roles in achieving development goals (Sirwoy et al., 1990: 134). In this respect, one can consider the nature of the political party system (e.g. two-party vs. multiparty), the level and form of state intervention into the economy, the pattern of industrialization pursued (labour-intensive vs. capital intensive), level of competitiveness (e.g. availability of open and fair competition vs. presence of overwhelming patronage system), the legal and property ownership system (whether these are supportive of entrepreneurship/industrialization), and the cultural environment (Huntington, 1987 in Sirwoy et al., 1990: 134).

Marxists hold the view that political systems carry little importance. What is important is the political configuration and class allegiance of the rulers and their class structure. The political and economic power of the capitalist class in the society is also very important. Therefore, to understand the dynamics of economic growth and development, it is necessary to understand the class structure and dynamics of a society, including the distribution of power and inequalities within it (Huntington, 1987 in Sirwoy et al., 1990: 134-135).

From above discussions, we see that theorists are strongly divided in respect of economic growth and inequality, and factors such as political system or political regimes influencing them. Arguments against democracy favouring growth take the position that it actually undermines growth. On the other hand, arguments in support of democracy hold that it generates growth by protecting property rights and promoting allocative efficacy and competitiveness. Skeptics argue that politics alone can help economic growth very little. There is no short cut method or framework by which we can resolve this debate. Let us now see what different empirical studies find on relation between democracy, autocracy and development.

3. State of Empirical Research: Studies of Democracy, Autocracy, Bureaucracy and Growth

An enormous amount of research has already been conducted on the relation between economic growth, development and political regimes but here we summarize only 22 studies. All these researches have attempted to evaluate the impacts and economic consequences of different regimes. Table-1 shows that support in favour of democracy and authoritarianism is more or less, equally divided.

Table-1
Studies of Democracy, Autocracy, Bureaucracy and Growth

Author	Sample	Time Frame	Finding
Przeworski (1966)	57 countries	1949-1963	Dictatorship at medium development level grew fastest
Adelman and Morris (1967)	74 underdeveloped countries (including communist bloc)	1950-1964	Authoritarianism helped less and medium developed countries
Dick (1974)	59 underdeveloped countries	1959-1968	Democracies develop slightly faster
Huntington and Dominguez (1975)	35 poor nations	The 1950s	Authoritarian grew faster
Marsh (1979)	98 countries	1955-1970	Authoritarian grew faster
Weede (1983)	124 countries	1960-74	Authoritarian grew faster
Kormendi and Meguire (1985)	47 countries	1950-1977	Democracies grew faster
Kohli (1986)	10 undeveloped countries	1960-1982	No difference in 1960s; authoritarian slightly better in 1970s
Landau (1986)	65 countries	1960-1980	Authoritarian grew faster
Sloan and Tedin (1987)	20 Latin American Countries	1960-1979	Bureaucratic-authoritarian regimes do better than democracy; traditional dictatorships do worse
Marsh (1988)	47 countries	1965-1984	No difference between regimes
Pourgerami (1988)	92 countries	1965-1984	Democracies grew faster
Scully (1988,1992)	115 countries	1960-1980	Democracies grew faster
Barro (1989)	72 countries	1960-1985	Democracies grew faster
Grier and Tullock (1989)	59 countries	1961-1980	Democracy better in Africa and Latin America, no regime difference in Asia

Remmer (1990)	11 Latin American countries	1982-1988	Democracy faster, but result statistically insignificant
Pourgerami (1991)	106 less developed countries	1986	Democracies grew faster
Helliwell(1992)	90 countries	1960-1985	Democracy has a negative, but statistically insignificant, effect on growth
Helliwell(1994)	125 countries	1960-1985	Find significant statistical evidence in support of a relationship between economic development and democracy
Burkhart and Lewis-Beck(1994)	131 countries	1972-1989	Find significant statistical evidence in support of a relationship between economic development and democracy
Przeworski and Limongi(1997)	135 countries	Between 1950 and 1990	No evidence in support of a relationship between economic development and democracy
Pzeworski and Limongi(2000)	135 countries	1930-1950	The type of political regime has no impact on growth.

Source: Przeworski, Adam and Fernando Limongi, 1993: 61; Landman, Todd, 2000: 69

4. Studies of the Effects of Democracy on Inequality

Research on the effects of democracy on reduction of inequality does not show any clear cut answer. In Table-2 we summarize 12 studies; 7 of these studies show an inverse relation between democracy and societal inequality, where inequality is measured by the distribution of income.

Table-2
Studies of the Effects of Democracy on Inequality

Author	Effects on Inequality
Cutright(1967)	Yes
Jackman(1975)	No
Hewitt(1977)	Yes
Rubinson and Quinlan(1977)	No
Stack(1979)	Yes
Stack(1980)	Yes
Bollen and Grandjean(1981)	No
Weede and Tiefenbach(1981)	Yes
Weede(1982)	Yes
Kohli et al.(1984)	No
Bollen and Jackman(1985)	No
Muller(1988)	Yes

Adapted: Sirowy, Larry and Alex Inkeles. 1990: 144

5. Political Regimes and Development of Bangladesh: State of Empirical Data

5.1. Growth, Savings and Investment

Successive governments in Bangladesh have endeavored to improve the quality of life through planned development. Economic growth, alleviation of poverty, education and other social sector development have been the core issues in development planning of Bangladesh. But if we evaluate different developmental policies implemented by different governments, we can easily see that every plan targeted for an average annual GDP growth rate of 5.5% but none reached its target (Table-3). It is not possible to distinguish the growth performance of different regimes from the achievement of the plans, because most of the plans were overlapped or interrupted by changes of government leading to various form of structural changes of the plan. However, the two 5-year plans (1980-1990) under militaristic

governments achieved lower rates of GDP growth (average 3.0%) than what was achieved by the two 5-year plans (1990-2002) under democratic governments (average 4.7%). The fifth Five- Year Plan (1997-2002) achieved highest GDP growth followed by the Fourth Five-Year (1990-1995).

Table-3
GDP Target and Actual Achievements of Past Plans

Growth rate of GDP (Respective base year price)

Plans	GDP	
	*Growth Targets (%)	*Growth Achievements (%)
Second Five-Year Plan (1980-1985)	5.40	3.80
Third Five-Year Plan (1985-1990)	5.40	3.80
Fourth Five-Year Plan (1990-1995)	5.00	4.15
Fifth Five-Year Plan (1997-2002)	7.00	5.21

* **Source:** Bangladesh Economic Review 2003

If we consider the average annual rate of GDP growth performance of Bangladesh since the 1980s, we will find a clearer picture of both the democratic and the militaristic governments (see Table-4). Ershad takes over power on March 1982; so in terms of fiscal year we include the GDP and per capita GDP of 1981-82 with Ershad regime. As a result, we see during 1981-1990 the country's average annual growth rate of GDP as 4.77%. But if we exclude 1981, General Ershad in his over nine years of militaristic rule achieved an annual average GDP growth of 4.16%. During this time, the average annual rate of GDP per capita growth is 2.15%. Under democratic rule in the 1990s, the economy of Bangladesh experienced a moderately accelerated growth rate compared to the previous regime. In the first half of the 1990s (during Khaleda regime), the rate of average annual GDP growth accelerated to 4.39%, and then further to 5.21% in the second half of the decade (during Hasina regime). Similarly, in the first half of the 1990s the annual average rate of GDP per capita growth also increased to 2.57% and then further to 3.39 % in the second half of the 1990s.

Table-4**Growth of Bangladesh Economy in Different Regimes: 1981-2001****(Annual average growth rate)**

Sector	Ershad Regime		Khaleda Regime	Hasina Regime	Decadal average	
	Five-yearly average		Five-yearly average		1981/82-1990/91	1991/92-2000/01
	1981/82-1985/86	1986/87-1990/91	1991/92-1995/96	1996/97-2000/01		
GDP growth (annual %)	5.43	4.11	4.39	5.21	4.77	4.80
GDP per capita growth (annual %)	2.77	1.54	2.57	3.39	2.15	2.98

Source: The World Bank Group 2003, Development Data, World Development Indicators 2003, CD-ROM.

If we compare the decadal average growth between the militaristic rule of the 1980s and democratic rule of the 1990s, we can easily notice that the democratic rule was more conducive to economic growth than the earlier militaristic rule in Bangladesh. So the hypothesis that ‘democratic regime undermines economic growth and authoritarian regimes promote it’ is not supportable in the case of Bangladesh.

As for sector-wise contributions (see Table-5), we see that the agriculture sector (a major sector in Bangladesh) contributed 4.01% to the growth acceleration in the first half of the 1980s. But it decreases in the second half of the decade. In the first half of the 1990s, the average annual growth rate of agriculture decreased to 1.5% but in the second half of the decade it increased to 4.87%.

Table-5**Sectoral Growth of Bangladesh Economy in Different Regimes: 1981-2001****(Annual average growth rate)**

Sector	Ershad Regime		Khaleda Regime	Hasina Regime	Decadal average	
	Five-yearly average		Five-yearly average			
	1981/82-1985/86	1986/87-1990/91	1991/92-1995/96	1996/97-2000/01	1981/82-1990/91	1991/92-2000/01
Agriculture, value added (annual % growth)	4.01	2.37	1.55	4.87	3.9	3.21
Industry, value added (% of GDP)	4.12	5.43	7.43	6.43	4.77	6.93

Source: The World Bank Group 2003, Development Data, World Development Indicators 2003, and CD-ROM.

Table-5 also shows that the average annual growth of agriculture was lower in the 1990s than in the 1980s in spite of a devastating flood in 1988. The contribution of the industrial sector to GDP during 1980s is not good at all. In first half of the 1990s (under Khaleda regime), the industrial sector experienced moderately accelerated growth (7.43%) compared to the previous decade. In the second half of the 1990s (under Hasina's regime) the rate of growth slightly decreased. If we consider the decadal average we can say that the industrial sector contributed much better to the growth acceleration in the democratic regimes, as compared to that during the militaristic regime in Bangladesh.

Some authors point out that democracy unleashes pressures for immediate consumption which decreases investment, and hence reduces growth. Table-6 indicates that in Bangladesh the gross domestic savings in terms of the percentage of GDP, was higher under democratic rule than under militaristic rule. In the 1980s, the average rate of gross domestic savings was 3.14% but in the first half of the 1990s the rate increased to 12.70% and further to 15.66% in the second half of the decade. The average annual rate of gross domestic savings during 1980-1990 is only 3.14% but in the decade of the 1990s under democracy the average rate of gross domestic savings robustly increased.

Table-6
The Growth Performance of Bangladesh Economy in terms of Selected Indicators in
Different Regimes: 1981-2001
(Annual average growth rate)

Sector	Ershad Regime		Khaleda Regime	Hasina Regime	Decadal average	
	Five-yearly average		Five-yearly average			
	1981/82-1985/86	1986/87-1990/91	1991/92-1995/96	1996/97-2000/01	1981/82-1990/91	1991/92-2000/01
Gross Domestic Savings(% of GDP)	1.87	4.41	12.70	15.66	3.14	14.18
Gross National Savings including NCTR (% of GDP)	8.08	6.72	16.78	20.52	7.4	18.65
Gross domestic investment (% of GDP)*	13.94	13.57	17.93	21.51	12.39	34.72

Source: The World Bank Group 2003, Development Data, World Development Indicators 2003, CD-ROM.

Table-6 suggests that in the decade of the 1980s under militaristic rule the gross national savings (including NCTR) is not good (7.4%), but the condition changed significantly in the decade of 1990s under democratic regimes (18.65%). When we consider these decadal average rates, we can grasp the significant difference between the militaristic rule of the 1980s and the democratic rule of the 1990s.

Table-6 also shows that the rate of gross domestic investment under the democratic regimes was significantly higher than during the militaristic regimes. In fact, the rate of domestic investment during the democratic decade was nearly three times more than it was during the militaristic decade.

5.2. Poverty Eradication

Poverty alleviation has been a popular slogan of successive political leaderships in Bangladesh since the country's independence in 1971. However, there is little agreement between researchers and academics in Bangladesh about poverty figures over time due mainly to different methods and multiple sources of data used in estimating poverty during the 1970s and 1980s. The official estimation of poverty in the country immediately after independence (1973-74) stood as high as 82.9% of the population. The latter half of the 1970s marked the

beginning of a rapid decline of poverty followed by a hiatus during the 1980s. Poverty has continued to decline during the 1990s and the pace of reduction got even faster during the fast half of the 2000s.

The poverty line is based on a daily per capita intake of 2122 cal for the rural areas and 2112 cal for the urban areas. It was estimated that in 1983/84, 62.5% of Bangladesh's population lived below the poverty line. As can be seen in Table-7, by 2000/2001 it was reduced to 48.9%. In the 1980s, under militaristic rule, the incidence of rural poverty declined robustly but in the 1990s under democratic rule the degree of change was very little, although urban poverty has declined significantly. Inequality has increased over the years, with the gini-coefficient in 2000-2001 at 0.45 compared to 0.36 in 1983-84. Economist Rehman Sobhan (1988: 15) mentions that "the debate over statistical measures of poverty in Bangladesh suggests the need for caution in taking categorical positions over trajectories of poverty reduction. The main point of agreement in Bangladesh is that an unacceptably large number of its citizens remain poor, even today".

Table-7
Trends in Rural and Urban Poverty of Bangladesh in Different Regimes: 1981-1996

	1983-1984			1988-1989			1995-1996			2000-2001		
	Rural	Urban	All	Rural	Urban	All	Rural	Urban	All	Rural	Urban	All
Head-count measure of poverty (% of population)	61.9	67.7	62.6	47.8	47.6	47.8	47.1	49.7	47.5	53	36.6	49.8
% of people in extreme poverty (or hardcore poverty)	36.7	37.4	36.75	28.6	26.4	28.36	24.6	27.3	25.1	37.9	19.9	34.3
Gini-coefficient	.360			.379			.432			.45		
Poverty Gap*	15.0			13.1			15.5			13.8		
Squared Poverty Gap*	5.9			4.8			5.7			4.8		

Source: Summary Report of the Household Expenditure Survey 1995-96, 2000, 2005, Bangladesh Bureau of Statistics, 1997; *Sen 2003.

5.3. Human Development and Population Control

While levels of poverty over the years have shown little or no significant alleviation, some improvements in its human development status has been registered under the democratic rules in Bangladesh. Table-8 shows that the HDI for Bangladesh as measured by UNDP's Human Development Report (HDR) has improved from 0.234 in 1980 to 0.502 in 2001. Notwithstanding such improvements, Bangladesh still ranks at 132 in the UNDP scale among 178 listed countries.

Table-8

Trends in Human Development Index of Bangladesh in Different Regimes: 1980-2001

Year	1980	1987	1990	1992	1994	1996	1999	2001
HDI Value	0.234	.318	.242	0.309	0.368	.365	0.470	.502
HDI Rank			136	146	146	143	132	132

Source: Human Development Reports of various years-2003, 2001, 1996, 1990, 1983

Human resource development is important for the acceleration of economic growth and development. Table-9 indicates that during the democratic regimes in Bangladesh, progress has been registered in the areas of adult literacy rate, primary school enrollment and population control. Table-9 shows that, in the early 1980s nearly 70% of the people in Bangladesh are illiterate and in the second half of the 1980s this rate has decreased in 66.86%. In the second half of the 1990s, we see this percentage has decreased significantly because of universal primary education and food for education under democratic government. Bangladesh is a small country but densely populated. Since the second half of the 1970s the governments of Bangladesh have been emphasizing on measures to retard the population growth rate, and we see that in the 1990s the rate of population growth has decreased significantly. In recent years (since 2001), there has been significant improvement in female education, and thanks to the readymade garment industry, to women employment. Further expansion of female education and female employment are considered the two most important strategies for reducing the population growth rate.

Table-9**The Performance of Bangladesh in terms of Some Socio-Demographic Indicators in Different Regimes: 1981-2001**

Sector	Ershad Regime		Khaleda Regime	Hasina Regime	Decadal average	
	Five-yearly average		Five-yearly average			
	1981/82-1985/86	1986/87-1990/91	1991/92-1995/96	1996/97-2000/01	1981/82-1990/91	1991/92-2000/01
Illiteracy rate adult total (% population ages 15 and above)	69.52	66.86	64.07	57.79	68.19	60.93
Illiteracy rate adult female (% female ages 15 and above)	80.87	77.65	74.68	71.12	79.26	72.9
Population Growth rate (annual %)	2.57	2.34	1.75	1.74	2.45	1.745

Source: The World Bank Group 2003, Development Data, World Development Indicators 2003, CD-ROM.

Conclusion

We started this paper with the question as to whether political systems and political regime changes could significantly affect economic growth, development and distribution of wealth in Bangladesh. In this regard, we explored conflicting theoretical views and arguments and analysed the pattern of economic development and distribution of social benefits under militaristic political regimes in Bangladesh in the 1980s and two successive democratic regimes in the 1990s. From our findings and discussion, we cannot generalize or resolve the long standing theoretical debates on the positive or negative effects of democracy or authoritarian rules on economic development and social benefits in poor developing countries. However, we cannot agree with the statement that "...democracies in poor countries produce pressures for immediate consumption, resulting in lower investment and slower growth..." (Przeworski et al. 2000:161). We also cannot agree that authoritarian rule may be better for poor countries for growth, savings, investments, and hence for development.

Our findings are important, because poor and densely populated Bangladesh is a typical case in the developing world. The country achieved its independence through a mass political movement leading to a liberation war against a militaristic authoritarian regime in Pakistan. The objective of the Liberation war and movement was not only to achieve independence but also to develop a country which is democratic, secular and free from poverty and exploitation. In the decade of 1980s, the country was ruled by militaristic authoritarian dictators, but in the 1990s the country recovered its cherished democratic system. Our findings show that economic and social achievements (in terms of widely accepted indicators) during the two successive decades under contrasting authoritarian and democratic rules were not the same. In terms of economic growth, savings, poverty reduction and human development, the achievements under the two democratic regimes were comparatively better than during the militaristic regime. It may be pertinent to mention here that democratic governments in Bangladesh still do not perform up to the desires and expectations of its people. Eminent Bangladeshi economist Rehman Sobhan (1998) rightly points out that a broadly democratic system based merely on elections is not sufficient to improve the situation of the poor, particularly in a society with strong clientele or patronage relationships, widespread rent-seeking and weak accountability. The latter are some of the main obstacles to development and poverty reduction in Bangladesh. The waste, corruption, wrong priorities and targeting and inefficient delivery of government programmes have contributed to the emergence of many non-governmental organisations (NGOs) as alternative development agencies designed to deliver foreign aid more efficiently and purposefully to the poor.

It has also been argued that governments in developing countries, either democratic or authoritarian, have little freedom in formulating and implementing development policies and programmes because they are highly influenced and guided by donor countries and agencies such as IMF, UNDP, World Bank, etc. Despite all these limitations, we can say in conclusion that any democratic regime is more likely to facilitate economic growth and development in Bangladesh than any militaristic or other form of authoritarian regime.

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