

1. SOCIOCULTURAL AND POLITICAL TRANSFORMATION AND THE ECONOMY OF BANGLADESH[†]

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1-1. Introduction

More than two and a half decades have passed since Bangladesh became Independent. It has survived as an independent country against all economic and political odds. However, there has not been much change in the economic condition of the common people. Thus, an impression has been created that in the 'test for economic development' [1], Bangladesh has failed. Persistent dependence on foreign aid, frequent natural disasters with massive human suffering, and occasional political upheavals have reinforced and highlighted Bangladesh's precarious socioeconomic and political condition. In the case of Bangladesh, it is therefore easy for anyone to feel despair and portray a gloomy picture without going into a convincing analysis on actual details. As Bangladesh is yet to make significant economic progress, one cannot be overtly optimistic about its economic future. In order to make an informed judgement on the economic problems and prospects of Bangladesh, it is important to analyze the dynamics of the Bangladesh economy within a broader sociocultural and political perspective. This article is a modest attempt to highlight key aspects of sociocultural and political transformation that has taken place in Bangladesh since its Independence in response to a series of economic and non-economic shocks with a view to making a judgement on the possibility of 'economic take-off' [2] in the near future. To begin with, here follows a brief historical review of Bangladesh's macroeconomic performance by political regime over the period 1972-1995.

1-2. Macroeconomic Performance, 1972-1995

Table 1 summarizes the key macroeconomic indicators of Bangladesh since 1972. The picture is pretty ordinary compared with high performing East and South East Asian economies [3]. In so far as economic growth is concerned, there exists little difference among the four regimes of Sheikh Mujib (1972-1975), Ziaur Rahman (1976-1981), Hussain Ershad (1982-1990) and Khaleda Zia (1991-1996). Although inflation was brought down from 42 per cent to less than 10 per cent per annum since the mid-1970s, the gain was not translated into high economic growth. The per-capita real GNP fell by -0.4 per cent per annum during 1973-1975 and grew by around 2 per cent per annum since then. Gross domestic savings remained at low levels, and the investment rate was far less than what was required to break the 'vicious cycle of poverty' and the 'low-level equilibrium trap' [4]. The failure to raise domestic savings substantially meant a continuation of foreign aid dependence for investment and economic growth. Besides the obvious external debt servicing difficulties and the loss of policy autonomy [5], the large-scale capital inflows in the forms of aid and loans (and overseas workers' remittances) have caused an appreciation of the real exchange rate and through it, the decline of industries which produce tradables - the 'Dutch disease' syndrome [6,7].

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Table 1. Main macroeconomic indicators, Bangladesh, 1972-1995

Indicator\ Period	1972/73 - 1974/75	1975/76 - 1980/81	1981/82 - 1984/85	1985/86 - 1989/90	1990/91 - 1994/95
Real GDP Growth (%)	5.1	5.5	3.6	4.1	4.3
Per-Capita Real GNP Growth (%)	-0.4	1.7	1.5	2.2	2.1
Inflation Rate (%)	41.9	9.5	11.7	9.8	4.5
Gross Domestic Saving/ GDP (%)	0	2.2	2.0	2.8	6.2
Gross Domestic Investment/ GDP (%)	6.7	10.5	14.9	12.7	13.0
Resource Gap/GDP (%)	-6.7	-8.5	-12.9	-9.9	-6.8
Trade Deficit/ GNP (%)	-5.9	-10.8	-12.5	-9.9	-6.6
Current Account Deficit/ GNP (%)	-2.6	-5.0	-4.1	-3.0	0.5
Debt Service/ Total Foreign Exchange (%)	9.3	9.2	8.5	11.5	10.0

Sources: Computations/compilations based on **IMF, IFS Yearbook** (various years); **BB, Economic Trends** (various issues); **BBS (1993)**; and **GOB (1995)**.

(a) Inflation and balance-of-payments crisis, 1972-1975

Bangladesh had a bad start on the economic front after Independence. It experienced high inflation and a balance-of-payments crisis during 1972-1975. Although the economy grew at a rate of about 5 per cent per annum during this period, it was primarily due to the catching up factor as the

economy was recovering the loss suffered during the Independence War.

The annual average inflation rate of about 40 per cent during 1972-1975 was the highest since the 1943 Bengal famine. Such an inflation rate hurt the low income earners in both the rural and urban areas [8]. Lifschultz [9] identified three schools of thought which offered explanations of inflation in Bangladesh during 1972-1974 - the 'smuggler school', the 'hoarder school', and the 'money printing school'. The government blessed the first two explanations of inflation because they were politically convenient. The view that a high rate of money supply growth either generated or accelerated inflation was popular among academics, journalists, and government officials. There has been a number of studies on inflation for this period and all of them found that an excess monetary expansion to finance large budget deficits in a war-ravaged economy was the prime cause of inflation [10-12]. Along with the money supply, both the domestic and external supply shocks (e.g., droughts, floods, and the sharp rise in OPEC oil prices) also contributed to inflation.

With the winding up of international aid in 1973, the economy began to show signs of distress. Along with high inflation rates, on the external front the overvalued exchange rate of the Bangladesh taka, the smuggling of raw jute, rice, and other essential goods to India, and the oil price shock increased trade deficits and gradually dwindled foreign exchange reserves [13,14]. By 1974 the balance of payments problem mounted to a crisis point. The government did not have foreign exchange reserves to finance even basic food and raw materials [15,16]. Controls over prices and imports were introduced, but they were largely ineffective. As there were scarcities of essential goods, the black economy grew rapidly and more and more transactions moved out of the official economy, causing government revenue base to shrink. A vicious cycle took over - repressed inflation created the black economy, resulting in larger budget deficits, and inflation [17]. The macroeconomic problems reached a climax when the country was struck by a devastating famine during the second half of 1974. Alamgir [18] estimated a figure of about one million deaths because of famine and another half a million deaths because of secondary effects of famine.

(b) Macroeconomic stabilization, 1975-1990

On 15 August 1975 the Mujib presidency came to a sudden and shocking end. After a series of military coups and counter coups, on 7 November 1975 Ziaur Rahman became the de facto leader of a military-civilian government. Besides external and internal political threats to the regime, it 'inherited a collapsing economy, an undisciplined army, and a demoralized and faction-ridden bureaucracy' [19]. So the initial task of the Zia government was to bring economic and political stability in the country. The political consolidation of this government was associated with a distinct change in the direction of development strategy and philosophy. It discarded 'the socialistic pretensions of the Mujib regime' [19] and revived the development strategy followed by the Ayub government in Pakistan during the 1960s. The hall-mark of this policy regime was selective import substituting industrialization and export drive and state patronage of business by selling public enterprises to a select group [20].

The macroeconomic performance of the Zia government is summarized below:

- (a) The economy grew at a rate of about 5 per cent per annum.
- (b) There was a significant reduction in the inflation rate, from over 40 per cent to less than 10 per cent per annum.
- (c) The rate of domestic saving increased to 2.2 per cent of GDP and the investment rate increased from 6.7 per cent to 10.5 per cent of GDP. However, as both government revenues and spending increased, there was only a marginal reduction in budget deficits.
- (d) Trade deficits increased from 6 per cent to nearly 10 per cent of GNP because of a sharp increase in imports following the removal of some import controls.
- (e) There was a significant increase in external debt outstanding. Such an increase in external debt increased the level of debt servicing liabilities expressed as a percentage of export earnings. However, debt servicing liabilities expressed as a percentage of total foreign exchange earnings were stable.

The Ershad government came to power in 1982 through a military coup on the pretext of deteriorating conditions of law and order during the Sattar government, which was a continuation of the Zia government after his assassination in 1981. It followed the market-oriented economic policies and programs initiated by both the Zia and Sattar governments. Although the Zia government had brought some stability to both economic and political fronts, the economy remained weak and suffered from structural weaknesses. This led the Ershad government to introduce IMF-World Bank structural adjustment programs in 1982/83. Since then Bangladesh has practically remained under structural adjustment programs of one form or the other [21].

The economy grew at a rate of about 4 per cent per annum during the Ershad period. However, the inflation rate remained at around 10 per cent per annum and trade deficits increased to the level of around 12 per cent of GNP. So the Ershad regime brought neither durable stability nor sustained high economic growth.

(c) The economy in transition to a high growth path

Since the seizure of state power by Ershad in 1982, Bangladesh's politics was dominated by the people's struggle to resist his authoritarian and illegitimate rule. Success came in 1990 when his government was overthrown by a middle class, urban uprising. Democracy was restored in 1991 when a relatively fair Parliamentary election brought the BNP (Bangladesh Nationalist Party), under Begum Khaleda Zia, to power. Her government (1991-1996) presided over a period of macroeconomic stability, despite an endemic political instability since 1994. The size of trade deficit declined from 12 per cent of GNP during 1981-1990 to 7 per cent of GNP during 1991-1995 and the current account balance position improved from a deficit of 3.5 per cent of GNP to a surplus of 0.5 per cent of GNP. This improvement in both trade balance and current account position was a major achievement as it was associated with a deceleration of inflation from 11 per cent per annum during 1981-1990 to 3 per cent per annum during 1991-1995. This macroeconomic stability was associated with a sustained annual growth rate of the economy of about 4.5 per cent during 1991-1996.

Although a consensus view is emerging that the Bangladesh economy is in transition to a high growth path [6,22,23], given the continuing political uncertainty in the country, its economic fate depends to a great deal on the present Awami League government's ability to ensure political stability and to undertake structural reforms and thereby consolidate macroeconomic gains made so far. The big question is whether, given the class-base of the Awami League and its political debt to interest groups (such as trade unions), the government will be able to undertake deep structural reforms. Moreover, as the BNP has not yet reconciled with its defeat at the June 1996 Parliamentary election, it is possible that the BNP may engage in agitation movement to destabilize the Awami League government [24].

1-3. Economic Growth and Social Development

Having reviewed the macroeconomic performance by political regime during 1972-1995, it is important to examine the extent to which sociocultural and political changes have taken place with economic growth during this period. One theme in development economics is that for sustained economic growth a structural change in output and the labor force associated with economic growth [25] is to be accompanied by sociocultural and political changes. Any pattern of isolated and uneven economic growth may cause social and political tension and short circuit or halt the development process. One argument against this possibility is that economic growth itself may provide an impetus to sociocultural and political transformation. Although this argument is valid, there is no guarantee that this will take place everywhere and all the time. Therefore, an understanding of the development process entails a systematic analysis of economic, social, and political transformation along with a structural change in output and the labor force. This section reviews the question of whether economic structural change in Bangladesh since Independence has been associated with social development or an improvement in the quality of life of the people.

One widely used approach to assess the level of economic development is to examine the movement of a series of indicators of socioeconomic development. On the basis of a selected list of socioeconomic indicators, it is also possible to develop a social development index. For lack of detailed data, such an approach is not followed here. Instead, data for social, cultural, political, and economic variables are reported to assess whether or not there was social development along with economic growth. Table 2 reports such data for the period 1970-1990 (or a shorter period).

Education is an important indicator of socioeconomic and cultural development. It is also an important element in human capital formation. Long term economic development requires an expansion of basic education and the imparting of productive skills. Enrolment in educational institutions and the literacy rate are used to measure the level of educational and cultural development, which indicate a low level of development in both spheres. Contrary to expectation, education has lost priority since the early 1970s. Table 2 reveals that the share of education in

government expenditure declined from 15 per cent in 1972 to 11 per cent in 1990. Given the low priority of the government to education, it is doubtful that Bangladesh would be able to sustain even a moderately high rate of economic growth without an educated and skilled labor force.

The health and nutrition condition in Bangladesh has marginally improved since 1970. For the male, the life expectancy at birth increased from 45 years in 1970 to 57 years in 1992 and for the female, from 44 to 57 years. The infant mortality rate declined from 144 per thousand to 88 per thousand live births during the period 1970-1992. Other health and nutrition condition indicators, such as the population-physician ratio, the population-hospital bed ratio, and the daily calorie supply, suggest an improvement in health and nutrition conditions. Along with an improvement in the health condition, both the crude birth and death rates fell during the period 1970-1990. Above all, the population growth rate steadily declined from 2.8 per cent per annum during the early 1970s to 2 per cent during the early 1990s.

One major socioeconomic problem in Bangladesh is the high incidence of absolute poverty. Controversy is intense over the question of whether economic growth is adequate to lower poverty through the 'trickle-down' process. Critics argue that economic growth 'trickles-up' rather than 'trickles-down', indicating that the benefits of economic growth in a capitalist system are reaped by the rich, while the majority of the people remain in poverty. There has also been an intense debate on the incidence of poverty, which has now taken a new turn with evidence that poverty, measured as percentage of population below the recommended level of 2,122 calories per person per day, has declined in recent years - from about 80 per cent in 1974 to about 48 per cent in 1989 - while the incidence of hard-core rural poverty declined from 44 per cent to 30 per cent during the same period. However, the decline in the incidence of absolute poverty has been accompanied by a marginal increase in the incidence of relative poverty. The share of income of the bottom 40 per cent of rural households fell from 19.1 per cent in 1974 to 18.0 per cent in 1989 and the share of the bottom 40 per cent of urban households fell from 17.8 per cent in 1974 to 17.5 per cent in 1989. The overall distribution of income, measured by the Gini coefficient, marginally increased in the rural areas during the period 1974-1989, but remained the same in the urban areas.

The size of urban population is growing more than proportionately to total population. The average annual growth rate of urban population during the past two decades was 7 per cent compared with the average annual growth rate of the total population which was about 2.5 per cent. About 16 per cent of the total population now lives in the urban areas. Along with urbanization, recreational, and transport and communication facilities increased in both rural and urban areas. The number of television sets, telephones, feature films, and newspapers increased significantly during the past two decades.

Many development economists consider basic human rights, including the freedom of speech and religion, and freedom to vote, as an important indicator of socioeconomic development. Bangladesh has made some progress in this area. Even though it was ruled by autocratic and/or quasi-military rulers for most of the period since Independence, political repression was minimal except during the early 1970s. The people in general exercised their freedom to vote, albeit in a

limited form, and their freedom of speech and religion was not seriously violated. While the electronic media remained under the control of the government, the print media enjoyed a high degree of freedom after the mid-1970s.

Table 2. Indicators of social development, Bangladesh, 1970-1990

		1970*	1990**
A.	Education		
(i)	Percentage of age group enrolled in education		
	Primary	49	70
	Primary (female)	31	64
	Secondary	13	17
	Secondary (female)	3	11
	Tertiary	1	4
(ii)	Literacy rate (%)	23	33
B.	Health and Nutrition		
(i)	Life expectancy at birth (years)		
	Male	45	57
	Female	44	57
(ii)	Infant mortality rate (per 1000 live births)	144	88
(iii)	Population-physician ratio (population per physician)	8100	5304
(iv)	Population-hospital bed ratio (population per hospital bed)	8122	3243
(v)	Population with access to safe water (percentage of population)		
	Urban	13	29
	Rural	47	43
(vi)	Number of rural hand tubewells (per 1000 persons)	2.7	6.8
(vi)	Daily calorie supply (per capita)	1970	2021
C.	Demography and Fertility	1970*	1990**
(i)	Crude birth rate (per 1000 population)	47	31
(ii)	Crude death rate (per 1000 population)	21	11

Table 2 Continued

(iii)	Women of childbearing age (per cent of all women)	44	47
(iv)	Total fertility rate	6.8	4.6
(v)	Growth rate of population	2.8	1.9
D. Urbanization			
(i)	Urban population as per cent of total population	6	16
(ii)	Average annual growth rate of urban population	6.8 ^a	6.2 ^b
E. Per capita energy consumption (kg coal equivalent)			
		0	57
F. Amenities and Recreational Facilities			
(i)	Television receivers (sets per 1000 persons)	0	3
(ii)	Number of newspapers and periodicals		
	Dailies	25	75
	Total	507	565
(iii)	Number of feature films	40	217
(iv)	Number of telephones (per 1000 persons)	0.7	1.9
G. Percentage Distribution of Central Government Expenditure^c			
		1970[*]	1990^{**}
	Defense	5.1	10.1
	Education	14.8	11.2
	Health	5.0	4.8
	Housing, amenities; social security and welfare	9.8	8.0
	Economic services	39.3	34.4
	Others	25.9	31.5

Table 2 Continued

H. Incidence of Absolute Poverty (per cent of total population)		Poverty line-I^d		Poverty line-II^e	
		1974	1989	1974	1989
Urban		81.4	44.0	28.6	20.5
Rural		82.9	48.0	44.3	29.5
I. Income Distribution					
(i)	Gini coefficient	1974	1989		
	Rural	0.35	0.37		
	Urban	0.38	0.38		
(ii)	Per cent of income accruing to households in each decile				
		Rural		Urban	
		1974	1989	1974	1989
	Decile 1-2	7.2	6.9	6.8	6.8
	Decile 1-4	19.1	18.0	17.8	17.5
	Decile 5-8	38.4	36.8	38.0	35.7
	Decile 9-10	42.5	45.2	45.2	46.8

Sources: ADB, Key Indicators of Developing Member Countries of ADB (July, 1990); World Bank, World Development Report 1992; BBS, Statistical Yearbook of Bangladesh 1991; BBS, Statistical Pocketbook 1993; and BB, Economic Trends (various issues).

Notes: *Some figures under 1970 correspond to 1965. **Some figures under 1990 correspond to 1985. a = 1965-1980; b = 1980-1990; c = figures under 1970 correspond to 1972; d = Poverty line-I: Recommended calorie intake 2122 calories/day/person; and e = Poverty line-II: Hard core poverty where the recommended calorie intake is 1805 calories/day/person.

On the whole, all the major indicators of socioeconomic, cultural, and political development suggest that there was some social development during the past two decades or so. In fact, the major components of the physical quality of life index, which include literacy, infant mortality, life expectancy, per-capita real income, and income distribution, present an improving socioeconomic picture for Bangladesh.

1-4. Sociocultural and Political Transformation

Along with economic factors, sociocultural and political factors do have considerable impact on economic performance. This leads to the view that for an economy to take-off, besides economic

fundamentals being right, sociocultural and political institutions should be conducive to economic growth. Some economists even argue that cultural factors are as important as economic factors for economic growth and development. The difficulty is that it is not clear when and how cultural factors enter into the growth equation. East Asian experience suggests that cultural factors can act as catalysts for economic growth once some economic dynamism is built in the economic system [26].

This section provides a brief historical review of sociocultural and political changes that have taken place in Bangladesh since the late 1960s. What follows is an elaboration of the view that there have been significant structural changes in Bangladesh's society, culture, and politics in response to a series of economic and political shocks since the late 1960s.

(a) Bangladesh's Society, Culture, and Politics: A Brief Historical Review Since the Mid-1960s

Until the mid-1960s the Bangladesh society was stratified and its people were immobile - economically, socially, and culturally. Religious differences (Islam and Hinduism) were, and remain, the main basis of social stratification. The Muslims became the majority in undivided Bengal by the turn of this century, although they were the majority in East Bengal/East Pakistan (now Bangladesh) for a long time. Since the Partition of Bengal in 1947 the share of Muslims in Bangladesh has increased from around 70% to around 90%, partly due to exodus of upper class Hindus to India.

Religion

Many historians claim that both Muslims and Hindus of present Bangladesh have a common ethnic origin [27,28]. However, there remain sharp social and cultural differences between these communities. These differences are such that even Nirad Chaudhury, a prominent Anglophile Bengali Hindu writer, likes to treat the Hindus and Muslims of Bengal as different races [29]. Historical studies suggest that the sociocultural and religious differences between Hindus and Muslims have been sharpened since the early 19th century when a series of politico-religious movements (such as the Tariqah-i-Muhammadiya, the Faraizi movement, and the Wahhabi movement) were largely successful in purging the Muslim society of its un-Islamic beliefs and practices. In the process, the idea of a separate ethnic identity for the Bengali Muslims was cultivated and the latter were made conscious of their distinctive Islamic customs, traditions, and beliefs vis-a-vis those of Hinduism. Besides the intrinsic appeal of belonging to a monolithic world religion, the popularity of Islamic reform movements among the Muslim peasantry was partly due to economic benefits that they were supposed to derive from any Muslim government after the replacement of the British rule [27,30].

The actual or perceived differences between the Hindu and Muslim cultures polarized these communities and thereby reduced their economic, social and political interaction. This sharpened inter-racial/social prejudices that already existed and intensified mutual mistrust of these communities. Importantly, the economic dominance of the Hindu community and the actual or perceived exploitation of peasant Muslims by the Hindu moneylenders, mahajans, and zaminders created resentment among the Muslims against the Hindus in general. This resentment became

deeper when the Muslim politicians of undivided India popularized the idea of separate Muslim states for Indian Muslims. When the Pakistan movement reached its climax during the mid-1940s, the Bengal Muslims accepted the idea of a separate Muslim identity vis-a-vis Hindus and also supported the creation of Pakistan wholeheartedly, even though it meant the partition of Bengal where the Muslims were the majority and in government. By this time the Hindus were not reluctant to accept the partition of Bengal. In fact, when the question of a united independent Bengal was floated by some nationalist Bengali politicians (such as Fazlul Huq, Suhrawardy, and Sarat Bose) in 1945, the Hindus in general, who vehemently opposed the partition of Bengal in 1905 by Lord Curzon, changed their tune under the influence of some Hindu Congress politicians who preferred a divided Bengal rather than being ruled by the Muslim majority. Thus the mutual mistrust of the Hindu and Muslim communities was too strong to avoid the Partition of Bengal [28,31].

Caste System

In addition to the fact that the Hindu and Muslim communities were divided socially, culturally, and politically, they were far from homogeneous within themselves. Within the Hindu community, the caste system, dominated by the Brahmans, was rigid. It sharply divided the Hindu community and restricted social and economic mobility of most of the Hindus. In general, the lower caste Hindus were engaged in either farming or other 'socially degrading' occupations, while the upper caste Hindus took opportunities of English education and were employed in government services and other reputable professions. The upper class Hindus were often pejoratively called the Bhadrals, while the lower caste Hindus were called the Chotoloks [28,32].

Within the Muslim community, although there was no established caste system, there was a caste-like Ashraf (high born) and Atrap (low born) division. The Ashraf Muslims, a small minority of less than 2 per cent of the total Muslim population of Bengal by the turn of this century [27], claimed to have had foreign ancestry, meaning Iranian, Turkish, or the Arabian, and/or some kind of link with, if not the descendants of, the Muslim ruling class of North India. The Ashraf Muslims were again sub-divided by their place of residence - rural versus urban. While the Urdu-speaking urban-Ashraf Muslims claimed to be superior to the Urdu/Islamized Bangla-speaking rural Ashraf Muslims, both these groups had lived an exclusive social/cultural life and had only limited social interaction with the Bangla-speaking peasant Muslims. In fact, most Ashraf Muslims were hostile to any local customs and traditions, which were considered un-Islamic, and looked down the Muslim masses as the latter were believed to have been converted from the lower caste Hindus. In so far as occupations were concerned, the Muslim masses were engaged in farming, while the Ashraf Muslims were employed in 'non-farming respectable professions' as farming was considered 'socially degrading'.

Not so unexpectedly, both the upper class Hindus and the Ashraf Muslims 'deliberately' enforced the social stratifications by maintaining their exclusive position at any costs. This is despite the fact that, although the Hindu caste system was well-defined and somewhat unshakable in the Bengal society, the Ashraf Muslims' claim of superiority to the Muslim peasantry was rather tenuous [27]. Nevertheless, the exclusive status of the Ashraf Muslims was tenable because both the

Calcutta-based upper class Hindu historians and many European orientalist/colonial administrators through their allegedly 'distorted' social history of Bengal validated the claim of both the Ashraf Muslims and the upper caste Hindus that most, if not all, peasant Muslims of Bengal were converted from the lower caste Hindus.

It is not difficult to trace the real motive of both the upper class Hindus and the Ashraf Muslims for their insistence on 'exclusive position' in the Bengal society. In a stratified society, these groups gained economically, socially, and politically. Ironically, the peasant Muslims who did not have many opportunities for economic and social mobility, although resented the Ashraf Muslims' attitude towards them, emulated them as their role model in so far as social customs and manners and the religious practices were concerned [33]. Some of their social customs and manners were in fact snobbish and anti-growth [34]. For example, the Ashraf Muslims considered manual work, business and, even government jobs, socially degrading. Having claimed to be the descendants of either the Prophet Mohammad or at least the Mughals, Turks or Afghans, they used every opportunity to emulate the aristocratic behavior of North Indian Muslims, even when they could not afford aristocratic living because of their humble means. Their attitude towards the Muslim masses particularly stifled the latter's social and economic progress. For example, besides that they discouraged secular, and even formal religious, education for children of the Muslim masses, the Bangla language, which was spoken by the Muslim masses, was their target of ridicule and contempt. Having considered Bangla as a Hindu language, they argued for Urdu and/or Arabic as the preferred language of communication for the Muslims. This further limited their interaction with the peasant Muslims [27].

Having condemned by both the Brahmans and the Ashraf Muslims, the largely uneducated Muslim peasantry suffered from a deeper sense of inferiority. They were the majority, but it did not matter much in so far as their economic and social well-being were concerned. Their social and economic status did not improve much over time as there was no political or social leadership to address their socioeconomic problems.

In essence, until the 1940s the rural society of present Bangladesh was stratified by religion and/or caste and, although the peasant Muslims were the majority, they had a lowly social status vis-a-vis the Ashraf Muslims. The political leadership of Muslims was in the hands of educated and urbanized Anglo-Mohamedan/Ashraf Muslims, although most of them were not in touch with the Muslim peasantry and had only vague idea about their socioeconomic problems. By virtue of their education and/or political connections, the Ashraf Muslims maintained their representation in both government services and other professions. When the question of Indian independence from the British did arise during the 1940s and 1950s, they, for obvious reasons, wanted to maintain their hold over both government services and the political power vis-a-vis the upper class Hindus. When M.A. Jinnah popularized the idea of the two-nations theory, he made his point by looking at differences between the Ashraf Muslims and the upper caste Hindus [27]. Nonetheless, as historical studies (e.g., Wright [30]) suggest, even the Muslim masses parted their ways from the Hindus long before the two-nations theory was given a concrete shape. Having difficulties in competing with Hindus, the Bengali Muslims were essentially looking for some form of protection from the Hindus. Choudhury

[35] suggests that the Bengali Muslims's support for the two-nation theory or the establishment of Pakistan was based on such a negative attitude: "[T]hey ... have a tremendous tendency to put the blame on others. In pre-Independence days, they blamed the British and then the Hindus, with whom they could not compete in any sphere of life. Jinnah's demand for a separate state appealed to the Bengali Muslims, not so much because of the two-nation theory, but because they looked upon it as a protective wall against the wealthy and privileged Hindus."

Pakistan was created on the basis of Jinnah's two-nations theory. However, the Muslim identity as envisaged by the founders of Pakistan was not enough to eliminate the socioeconomic problems of the Muslim peasantry in then East Bengal/East Pakistan [36]. They remained stuck with land and suffered the most because Pakistan's industrialization policies discriminated against agriculture [20]. The Anglo-Mohamedan/Ashraf Muslims maintained their dominance in both government services and the government side of politics. The business sector was dominated by both the Muslim immigrants from India and the Hindus, although many Hindu businessmen had already left East Bengal/East Pakistan for India after the 1947 Partition.

In summing-up, as the economic condition of the Muslim peasantry did not improve much in a stagnant economy, not many of their children received formal or higher education and therefore were not in a position to compete for government jobs. This explains why even during the Pakistani period the peasant Muslims did not make any significant improvement in their social and economic condition.

(b) The Autonomy Movement and the Independence War: Ascendancy of the 'Atraf' Muslims?

The autonomy movement and later the Independence War were more than political events. The violent process through which independence was achieved had a major impact on all aspects of Bangladesh's society, culture and politics. When the euphoria for Independence was not yet over, the country was struck by a devastating famine, caused by both economic and non-economic factors [37], which took the lives of more than one and a half million people. This was the last straw to a poor but proud nation's crushing humiliation, which it had first experienced in 1943 - the year of Great Bengal famine. Novak [28] describes this phenomenon with both elegance and emotion: "The Bangladesh of today, the nation of aid and poverty, really was created in 1943, the year of its crushing humiliation, the year Bengal fell from its place of leadership in the Indian subcontinent to a position of abject poverty. It is one thing to stumble and fall; it is another to fall and be bruised; it is still another to fall, be bruised, and not have the strength to recover, to be so beaten down that one begs for food and at last loses all dignity in the begging. It is even worse to have to beg when the world's media watch you and your family in such a shameful position."

These political and economic shocks over a short period of time were instrumental to wide-ranging social, cultural and political changes. Here follows a brief review of structural changes that have taken place particularly in the arena of politics, public administration, and business and commerce.

Politics

Although the Muslim masses joined the Pakistan movement in the 1940s led by the Muslim League under M A Jinnah, their participation was somewhat limited. As indicated earlier, the political leadership of the Pakistan movement was in the hands of educated, urbanized `Anglo-Mohamedan'/Ashraf Muslims - the so-called propertied class of influence. Their dominance continued in one form or the other in the government side of politics during the 1950s and 1960s, even though the ruling Muslim League was routed in East Bengal during the 1954 election in which the United Front Opposition won under the leadership of three charismatic Bengali leaders (A.K. Fazlul Huq, H.S. Suhrawardy and Maulana Bhashani) [38]. The United Front's win in this election to some extent was the result of political mobilization against the Muslim League government since the beginning of the Language Movement in 1948. The Language Movement was not purely a demand for recognition of Bangla as one of the state languages of Pakistan, it was a question of government jobs for Bengali students because, without the recognition of Bangla as a state language, they could have been in a disadvantageous position. The Muslim League was identified as an anti-Bengali party not long after Independence. The police killings of students during the peak of Language movement on 21 February 1952 destroyed whatever confidence the Bengali nationalists had in the Muslim League government. Note that, for reasons discussed earlier, most leading Anglo-Mohamedan/Ashraf Muslims of East Bengal (e.g., Khawja Nazimuddin; Nurul Amin; Fazlul Qader Chowdhury; Hassan Ispahani) maintained their connections with the Muslim League and supported the central government's push for Urdu as the state language of Pakistan [39]. A sharp division was thus created between the Bengali nationalists and the Muslim League politicians of Bengali origin. It was only a matter of time that the latter lost whatever political support they had among the Muslim masses. By contrast, the Bengali nationalists gained the political leadership of the middle class under the banner of regional autonomy. Here follows a brief description of this political transformation.

The Muslim League which fought for Pakistan was essentially a political platform rather than a political party with well-defined aims and policies to govern an independent state. After Independence, as the Constituent Assembly failed to draft a Constitution for Pakistan within a short period of time, a movement for provincial autonomy had taken roots in East Bengal as early as 1948. On 23 June 1949, a new political party East Bengal Muslim League was created. (The word Muslim was later dropped.) Maulana Bhashani became the founder President of this party, while Sheikh Mujib and Khandaker Moshtaque Ahmed became its joint secretaries. The Awami League's support spread rapidly among the middle class largely because of its demand for autonomy of East Bengal and the recognition of Bangla as a state language. A left-leaning youth front **Youth League** also emerged at this time and soon, according to Ahmed [39], became `the vanguard of the democratic movements of the Bengalis...". The creation of both the Awami League and later various student/youth fronts, such as the Student's League, Youth League, and the East Bengal Students' Union, started the process of shift of political leadership of the masses from the Anglo-Mohamedan/Ashraf Muslims to the then opposition politicians of humble origins and/or to those who had close ties with the ordinary people. The massive win of the United Front in 1954 election was the vindication of such a political transformation. However, due to heavy-handed intervention by the central government, the United Front government functioned only for a brief period. The next

few years were a period of extreme political instability in the country. In October 1958, Ayub Khan declared Martial Law, suspended all political activities, and ruled the country under a martial law system until 1962 when he enacted a Constitution and revived political activity under a system called 'Basic Democracy'. Although there are many who hailed this system of democracy [35], it was a democracy in name only. In 1965 a Presidential election was held in which Ayub Khan managed to defeat his main opponent Fatema Jinnah who was supported by the Combined Opposition Parties. Although this election was held under a system of electoral college of 80,000 Union Council members called 'basic democrats', it allowed the opposition parties to mobilize the people against the autocratic rule of Ayub Khan. This was the beginning of most dramatic political events in Pakistan's history. The East Pakistan was the center of these events.

After the death of Suhrawardy in 1963, Sheikh Mujib became leader of the Awami League. Until then he was under the shadow of Suhrawardy, who considered himself a national leader and was not keen to push the idea of regional autonomy. After becoming leader of the Party, Sheikh Mujib started working for autonomy of East Pakistan. In 1966, he introduced his famous six-point program to achieve autonomy in 'radical and concrete terms' and decided to capture the support of the masses [39].

Along with various urban middle class interest groups, the political bargaining power of the rural people increased sharply as the autonomy movement gained momentum during the late 1960s. This happened over a short period of time. Note that, although the Awami League's six-point program was well received in East Pakistan, Sheikh Mujib and his top Party members were sent to jail by the Pakistani authority which considered the six-point program a 'veiled scheme of secession' [35]. Sheikh Mujib was later charged by the Pakistani authority in what is known as the Agartala Conspiracy case. The aim was to kill him politically, if not physically. But it had backfired. The radical students and workers started agitation movement and mobilized the people to such an extent that the government had no alternative but to withdraw the case. After his unconditional release, Sheikh Mujib's status as leader of the autonomy movement increased enormously. He took the opportunity and, being a person of humble background, was in a unique position to popularize his Party among the working class and peasantry [38].

With the radicalization of the autonomy movement, both the University and College students and industrial workers, many of them had rural/semi-urban middle class background [40], came at the forefront of national politics. As Ahmed [39] mentions, from December 1968 to February 1969, the government machinery was completely paralysed and the country was virtually run by the young students of Universities and Colleges. Besides the demand for regional autonomy, they raised economic issues which were of concern to the masses. For example, along with the spread of the 'two-economy thesis' [41], the economic deprivation of the rural masses was exposed and somewhat dramatized. Through their 11-point program, the students and industrial workers raised many radical and populist economic demands, such as land reforms and the nationalization of heavy industries and banks and insurance companies, which were not in Mujib's six-point program. However, given the prevailing political atmosphere, Sheikh Mujib had no alternative but to incorporate those demands into his political manifesto. He was also aware that the rural masses in particular have the number

and without their overwhelming support the political power would never shift from the hands of West Pakistani rulers.

When the uprising against the Ayub regime gained momentum, politics became violent as the ruling class had used violent means to suppress the demands of students and industrial workers. There were killings of political agitators by the army and/or police on a regular basis. The Ayub regime fell on 24 March 1969 when he handed over power to the then chief of the army General Yahya Khan. The latter declared Martial Law and arranged for a general election. The election was held in December 1970. By the time this election was held, the effective political power in East Pakistan shifted to the hands of radical students and industrial workers. As expected, the Awami League won the election comprehensively, but the military did not allow it to form a government because the Awami League's insistence on framing a Constitution for Pakistan as per its six-point program was not acceptable to the Pakistani military. This raised the political temperature in then East Pakistan to a boiling point, the result of which was the inevitable confrontation between the Pakistani military and the people of newly declared independent country Bangladesh.

After the military crackdown on 25 March 1971, students, industrial workers, and even the youths of peasant background took arms and fought, along with the regular army personnel of East Bengal regiment and the police force, for the independence of the country. In fact, although the formal leadership of the Independence War was in the hands of Awami League politicians who had taken refuge in India, it turned out to be a people's war in which the ordinary people joined the actual fighting and had suffered the most [38]. As it usually happens in a guerrilla warfare, after the initial onslaught of the army was over at the urban centers, most of the killings and burnings were in the rural areas where the guerrilla fighters found their natural shelters [39]. By the time the country was liberated on 16 December 1971, the political leadership in all intents and purposes shifted to the hands of radicalized freedom fighters [42]. The ordinary people had the satisfaction that they were an integral part of the heroic struggle for independence of the country. Needless to say, the latter had high expectations from Independence of the country.

Once the Independence War was over, the fighting began for the spoils of governance. The Awami League leadership and their supporters had an easy access to state patronage and resources. In the absence of any effective political opposition, those who were close to state power ruthlessly exploited whatever economic opportunities were being created by the imposition of stringent controls over the economy [43]. This led to widespread corruption and economic mismanagement. It did not take much time to develop a strong opposition to the ruling party. As there was no democratic forum where all grievances could have been raised and debated (the Parliament was essentially a one-party rubber-stamp), the political opposition took the form of a variety of armed insurgencies [38]. The creation of a counter-insurgency para-military force, Jatiyo Rakhi Bahini, by the government, instead of improving, aggravated the law and order situation. In the midst of lawlessness and insecurity, there came the devastating famine of 1974 which engulfed the whole country. The result was the loss of credibility of the government at both home and abroad. To improve its political fortune, the government then abandoned the Parliamentary system of government in favor of a one-party state, called the BAKSAL (Bangladesh Krishak Sramik Awami

League) system. This was a regressive political move with dramatic consequences. The political drama reached its climax when Sheikh Mujib and most of his family members were killed by a group of army officers on 15 August 1975. This was the end of the BAKSAL system. Since then the political power had shifted to the military for the next 15 years.

Since the overthrow of the Mujib government, violence has become an integral part of politics and a short-cut route to economic success. Particularly for the younger generation of humble origins, politics has become an attractive form of employment and many of them have simply thrown away whatever 'aristocratic political principles' might have existed in the pre-Independent days [28,38].

Public Administration

As indicated earlier, during the Pakistani period the public administration in then East Pakistan was elitist in nature and the administrative power was in the hands of non-Bengali civil servants [35,38]. After Independence, following the exodus of West Pakistani personnel, the Bengali civil servants took control of the administration. During the first few years after Independence, there were many recruits to fill the vacant positions and, under the patronage of the ruling Awami League, many of its supporters had managed to get jobs in both civil administration and public sector enterprises. This somewhat changed the class character of public servants in favor of personnel with rural/semi-urban socioeconomic background. Later the process accelerated owing to a massive entry of students of rural/semi-urban background into the higher education system. Note that since Independence, under the patronage of both politicians and the rich people, many schools and colleges have been established in small towns and even in the rural areas. When economic pressure had started to build up after Independence of the country, it became obvious to most people that higher education is a key to economic success. This induced many rural families of even modest means to send their children to urban areas for both college and university education. Although the quality of school/college education in both small towns and the rural areas remains low [38], these educational institutions acted as a springboard for the youths of rural/semi-urban background to climb the ladder of economic, social and political success. The process had actually started immediately after the Independence War when, due to deterioration of law and order situation, mass-cheating in examinations was somewhat institutionalized in the education system. Ironically, this helped many students of poorer economic background to overcome some of their relative disadvantages in getting entry into the higher education system. Later, with their entry into the professional bodies, local governments, and non-government organizations, the new generation of professionals of rural/semi-urban background have gained some administrative power and are now in a position to influence the government's economic goals and policies.

Business and Commerce

Unemployment among the educated youths has become a major problem since Independence of the country. Thanks to both the lowering of educational standard and the institutionalization of mass-cheating in examinations. As the economy has been growing slowly, the entry of large number of new graduates into the labor market has increased the stock of unemployed. In general, those who

have connections with politicians and the bureaucrats manage to get government jobs, while the others think about alternative forms of employment, such as starting a business or leaving the country to avail themselves of jobs in overseas countries. Besides this reality, there has been an attitudinal change among the people toward business and commerce. In fact, many economic and political factors have played a role in establishing business and commerce as a reputable occupation. For example, since Independence of the country many college and university students have made fortunes through their involvement in violent politics, which have given them an easy access to state patronage and resources. With their windfalls, they have entered into business and commerce and subsequently advanced their economic, social and political mobility. As Sobhan [38] suggests, this nexus is evident to any observer of Bangladesh's politics: "The campuses have become battle fields where armed gunmen fight for control of the turf in the best Chicago tradition or in contemporary idiom for char dakhla, the fight to possess recently surfaced deltaic land through force of arms. These armed students are protected both by the regime and the opposition but live off the land as mercenaries who use their muscle to obtain land, construction contracts, extract protection money and eventually join legitimate or not so legitimate businessmen as partners."

Besides student activists, many politicians and their relations simply occupied the abandoned properties/businesses of both Hindus and the Muslim Biharis [44] after the Independence War and did not return them when their real owners later claimed them [32]. As those Hindu and Bihari businessmen who managed to cling over their businesses were reluctant to make further investment, whatever business opportunities were created with economic growth had been captured by the newcomers [45].

Besides these political/business entrepreneurs, there is another group of people - the beneficiaries of remittances from workers in the Gulf countries - who have made inroads to business and commerce. Most of these workers have been from the rural areas who have sold land, houses, and/or borrowed money from family and relatives to avail themselves of employment opportunities in the Gulf countries [46]. Their savings have enabled them to enter into business and commerce. Following the lead of these businessmen, many well-to-do families from both the rural and urban areas have thrown away their traditional prejudices and engaged in business and commerce for the first time. In essence, business and commerce are no longer a socially degrading occupation. With the growing clout of the so-called *atraf* Muslims in both politics and other professions, business and commerce have gained social respectability. Novak [28] suggests that, considering the traditional apathy towards business and commerce, the creation of a new entrepreneurial/business class from the lower strata of the society has been a positive development: "Since independence, a new, modern entrepreneurial elite slowly has been emerging, much to the disbelief of many foreign 'experts' and the disdain and disgust of the traditional *ashraf* class..., the *Brahmo* class, the civil service, the judiciary, the law, and the military. This new class, some members still chewing betel nut and clad in *lungi* and *kurta*, others in slacks and button-down shirts, has been upsetting traditional class relationships and revolutionizing Bangladesh in many other ways, thanks to its flashiness, its electronic gadgetry, and its propensity for things Western, especially capitalist enterprises... In short, a mini-industrial revolution is under way in this land, with operators who can distribute goods nationwide, get goods from anywhere, and make almost anything."

1-5. Implications

(a) Political

It is widely acknowledged that Bangladesh's politics since Independence has become violent and confrontational. The culture of politics appears to have changed with respect to political goals and tactics used by politicians to achieve those goals. Politics is no longer a vocation, it has become a highly profitable business. Most politicians remain above the law or are at least in a position to manipulate the legal system in their favor. Politics has also become fanatical in intensity. This is largely a manifestation of an ingrained feudalistic patron-client relationship that exists in any traditional society. Authoritarianism is another manifestation of it. Unfortunately, this has been institutionalized in the political system. Most politicians, particularly those who have made inroads to national politics since the autonomy movement, are yet to develop democratic attitude and outlook. They exhibit feudalistic tendencies and have little respect for democratic norms and traditions despite their constant rhetoric in support of democracy. Any political opposition, whether it comes from within or outside the party, is regarded with suspicion. What most of them appear to believe in is not democracy as a competitive form of politics under established rules and norms but a one-party rule in the presence of token opposition so that they can monopolize both the governance of the state and the spoils of governance. The spoils of governance appear to be the ultimate source of attraction for politics. In a feudalistic society, and given that the economy remains heavily regulated, political power provides an unlimited access to state resources, which, in the absence of political accountability, is used by politicians for both patronage and personal enrichment. This led Novak [28] to compare Bangladeshi politics with 'a soap opera whose chief end is the pursuit of wealth'. One pertinent question is whether this is an inevitable phase of democratization of politics in an otherwise traditional society which has been following a capitalist model of development. Here follows an elaboration of this issue.

Economic and political development

Democracy is incompatible with any brand of political fanaticism. Although Bangladesh society is not fanatical in religious sense, political rivalries in this country have fanatical elements that undermine the essence of democracy. Novak [28] aptly describes the present state of Bangladesh's political culture: "To a Bangladeshi, politics is what alcohol or sports are to most of the rest of the world. For Bangladeshis not only watch politics the way Americans watch the Superbowl; they imbibe it. It is the race for power that fascinates - perhaps because it's a contest that truly draws blood... Bangladesh's political rivalries are as fierce as those Scottish clans; the attendant violence reaches Mafia levels, and the depth of passion matches that of religious faith. ... Bangladeshis do not disagree with one another; they hate. They do not debate, for that would assume common premises. They are not interested in the will of the masses, for a tiny elite believes it has a monopoly on intellect. And, as elsewhere, those with money and power pull the strings, often manipulating the disenchanted, be they university students who form gangs armed with guns and Molotov cocktails or village youths who patrol the polls on Kawasaki motor scooters, watching voters from behind sunglasses as they prepare to raid the polling center to stuff ballot boxes."

The above description of political fanaticism appears to contradict any optimism that has been generated in recent months that there is a possibility of political stability in Bangladesh along democratic lines [24]. However, this may not be the case. Political fanaticism can slow, but may not stop, the process of political development along democratic lines if there is rapid economic development with equity.

Although poverty does not seem to be a cause of political instability in Bangladesh, the root cause of it can be traced to poverty that strengthens the feudal elements in politics. Political fanaticism is essentially a reflection of feudal character of a traditional society where most people are poor, uneducated, socially backward, politically ill-informed, and possess unsophisticated character traits, including feudal or tribal rivalry. In fact the present state of Bangladesh politics has a resonance of rural feudalism in its character, intensity and ferocity; that is, political leaders, most of them are drawn from the middle class with rural/semi-urban social background [47], play the roles of feudal landlords/patrons who demand blind loyalty from tenants/clients in exchange for protection or patronage. Jealousy, suspicion and mistrust are other hallmarks of poverty and they distort even the normal social, economic and political interaction.

From this perspective, national politics is derived from the rural socio-political culture and structure [48]. This raises the fundamental question whether a stable democratic political system can be developed in any underdeveloped feudal society like Bangladesh. The issue is complex and one should not take an extreme position. The common presumption is that the growth of economy along the capitalistic lines will promote democracy in the Third World, but there is no certainty in it [49,50]. It is not mere rise in per-capita income rather changes in class and social structure caused by industrialization and urbanization which are most consequential for democracy [51].

This may lead to a logical conclusion that, unless there is such economic development which brings changes in social and class structure, Bangladesh's politics may remain unstable because the rules of national politics may remain akin to feudal norms and rules that regulate rural society, politics and economics. This would imply that elections and competitive politics may not necessarily establish a democratic system as any ritualistic democratic political events do not remove deep-rooted anti-democratic social and cultural traits ingrained in the minds of political participants in traditional societies. From this perspective, the Bangladesh society is not different. Despite some economic and political progress in recent years, one should not exaggerate the deepness of democratic roots in Bangladesh's culture and society. The ideal of democracy remains essentially an urban, educated middle-class import from the West. The ordinary people who live at the margin of society are familiar with traditional vices and virtues and are somewhat politically inert. They often exhibit extreme reaction to actual or perceived unfavorable economic and political events. Given that loyalty is absolute in any feudal society, competitive politics, which mobilizes and polarizes the masses vertically along feudal lines, can generate passion as political leaders and their supporters carry with them some of their raw, feudal character traits. The division of political support along feudal lines has another manifestation: most people do not care much about the niceties of any political system, unless it is interpreted in such a way that it affects them economically and socially.

That's why their support for any political leader or system is not durable and often contradictory. As the past political events show, the political wind in Bangladesh changes rapidly and with it, the mass-support shifts from democracy to autocracy, left to the right, and/or one personality to the other. Such an unstable state of politics is a reflection of underdeveloped or unsettled political beliefs of the masses; they can be twisted through misinformation and outright distortion or may be carried away with any political bandwagon.

This may not however remain a permanent feature of politics. The underdeveloped political belief system is likely to change when there is a progressive socioeconomic transformation in response to sustained economic growth. With the spread of education in particular, the ordinary people will get access to political information which may help them develop their political beliefs. This may give consistency in their political behavior and weaken their fanatical instincts. As politics cannot and should not be defined in black and white terms, the reaction of well-informed masses to political issues is likely to be measured, balanced and less fanatical. Such a behavior can keep the political temperature well below the boiling point, despite any provocation by, and misinformation of, agitation mongers.

Economic growth will have another major impact on politics. As political chaos or instability poses a threat to the propertied class (including the nouveau riche), the latter may try to capture political power to maintain political stability and to consolidate economic gains. Although the capitalist class was wary of extending suffrage to workers in the 19th century Europe, the bourgeoisie of advanced capitalist societies of the West now support democratic institutions as the alternatives represent a threat to their material interests [51]. This is also likely to be the case in Bangladesh. In this country, political power has already started to shift toward the business class [21]. With further economic progress, they will consolidate political power to protect their economic interests. However, one has to remember that political cultures and structures may not alter rapidly in response to socioeconomic change. Authoritarian values and structures, for example, are not readily transformed by the spread of education or of the rise of the middle class [48].

Although the change in authoritarian values and structures in response to socioeconomic development is incremental, this does not mean that it is unimportant and this goal should not be pursued vigorously. In essence, economic development is crucial for political development. As Bardhan [52] points out, if the rate of economic development in a democracy is too slow to meet the ever-widening circle of democratic awareness and raised expectations among the people, the resulting demand overload may short-circuit rudimentary institutions of political mediation, ultimately endangering the survival of democracy.

(b) Economic

One major consequence of sociocultural and political transformation has been a large scale rural to urban migration. This has been associated with a change in the occupational structure of the labor force. Data reported in Hossain [21] show that even though the agricultural sector used to absorb the bulk of the incremental labor force until the early 1970s, the non-farm sector has become

the main absorber of the incremental labor force since then. For example, during the period 1961-1974 about 57 per cent of the incremental labor force was absorbed into the agricultural sector, while there was no increase in employment in agriculture during the period 1974-1985, despite an increase in the labor force by 65 per cent. In fact, the agricultural labor force decreased by 127 thousand during the period 1974-1985.

What are the reasons for the rapid outflow of labor from farm to non-farm activities? I have argued elsewhere [21] that the change in the occupational structure of the labor force has been in response to a progressive structural change in output, in which the shift in labor from farm to non-farm activities has been due to an increase in non-farm employment opportunities and to sustained wage and productivity differentials between the farm and non-farm sectors. Osmani [53] has given an alternative interpretation. According to him, the change in the occupational structure of the labor force has been more a symptom of distress adaptation by ex-farm wage laborers to increasing rural poverty and landlessness than one of economic growth. Although my view sharply contrasts with that of Osmani, I share with his suggestions that some sociocultural factors have played a key role in the shift of labor from farm to non-farm activities: "... in view of the centuries-old bondage to land in rural Bengal, it is unlikely that economic pressure alone can explain so massive a shift to non-agriculture in such a short span of time. Agriculture is not just an economic occupation, but has been for centuries the way of life in rural Bengal. It must have needed a fundamental change in socio-cultural psyche of the rural masses for them to contemplate an altogether different way of life. Sociologists have yet to investigate this phenomenon, but it is probable that this change was facilitated by several factors: first, the increased mobility arising from the complete dislocations in residence-cum-work patterns caused by nine months of liberation struggle in 1971; secondly, the disenchantment with agriculture following the ravages of famine in 1974; and finally, the fact that the occupational shift did not necessitate the change of rural residence for most of the workers." [53]

As indicated earlier, besides the Independence War, the 1974 famine was a major shock to both the economic and social orthodoxies. The intensification of economic pressure has weakened some of the age-old social and economic taboos with respect to occupations and has changed the attitude toward money making activities. The employment opportunities in the Gulf countries in particular have induced many to seek employment outside their traditional place of residence. Once some intelligent and enterprising people have been found to have improved their economic position through overseas employment and/or engagement in business and commerce, the others have simply emulated them. This suggests that some form of demonstration or bandwagon effect has been in operation in business and commerce.

There are policy implications of rapid outflow of labor and investable resources from rural to the urban areas. Such an outflow of resources is likely to decrease investment in agriculture. This may lower agricultural productivity and slow down its modernization. Any slow down of agricultural modernization is likely to slow down the process of economic transformation. One major theme in development economics is that for economic transformation, resources from the farming sector need to be transferred to the industrial sector in a dynamic sense. This requires public investment to raise the growth rate of agricultural productivity (or output). The higher the growth rate of agricultural

output the higher will be the rate of transfer of agricultural resources to the industrial sector. This is the rationale for public investment in agriculture, although the latter's relative contribution to both output and employment is expected to decline with economic growth [54,55].

The rapid urbanization process that has started since Independence has created major social and economic problems, such as urban unemployment, crime, and pollution. In a growing economy, there is no easy solution of such problems. For example, it has been shown by Todaro [56] that any large scale job creation in the urban areas is likely to aggravate, instead of solving, the urban unemployment problem. This does not mean that there should not be efforts to create urban jobs, particularly in the private sector. East Asian experience shows that large scale jobs can be created if the country adopts an export-oriented, labor-intensive development strategy [57]. Since the mid-1970s, the development strategy of Bangladesh has changed from inward-looking to outward-oriented industrialization. From this development perspective, the Garments industry has been a success story for Bangladesh. It has created jobs for unskilled women and stabilized the current account in the balance of payments. The challenge is how to spread the benefits of such an industrialization process throughout the country. To begin with, the government should make an effort to distribute export-oriented investment across regions or small towns and business centers. Along with other factors, this would require an improvement of development infrastructure throughout the country.

1-6. Conclusions

The fundamental problem facing Bangladesh is that its economic growth of about 4.5 per cent per annum since the mid-1970s is not high enough to make a significant improvement of economic condition of the ordinary people. Acceleration of economic growth to a range of 7 to 9 per cent per annum over a decade or so is necessary to break the cycle of poverty. Along with sustained political stability, this will require policy reform in key economic areas, such as competitiveness, domestic savings, infrastructure, rebuilding the state, labor market reform, and educational reform [58]. Such reforms are expected to promote capital accumulation (physical and human) and to raise its productivity. Although Bangladesh has undertaken structural reforms since the early 1980s, the pace of reforms has been slow. For lack of a reform-oriented strong political leadership, economic reforms have been undertaken in a haphazard manner. Moreover, in a chaotic-political environment, groups with vested interests have taken shelter behind political opponents of economic reforms. In this article I have argued that a significant pro-growth sociocultural and political transformation has already taken place in the country. This may act as a catalyst to an economic take-off. There is evidence that there has been a change in attitude of the people toward money making activities. Those people who have made significant economic and political mobility over the past two and a half decades are likely to make use of future economic opportunities in order to consolidate their position in the society.

† Some materials of this article are drawn from Hossain [21] and Chowdhury and Hossain [59].

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25. During the past two and a half decades there has been significant structural change in output and the labor force in Bangladesh. For example, the share of agriculture in total output declined from 55% in 1970 to 33% in 1995 and the share of agriculture in employment declined from 57% during the period 1973-1975 to 54% during the period 1991-1992. Such a decline in the share of agriculture in both output and employment has been associated with an increase in per-capita income from taka 3,494 in 1973 to taka 4,688 in 1992 at 1985 prices [21,62].

26. The cultural basis for capitalist economic growth is derived from Max Weber. On this basis, it is argued that Protestantism is the underpinning of Western capitalist development and aspects of Eastern religions and cultures may not provide ideological justification for the dynamics of capital accumulation. This led some economists in the 1940s and 1950s to hypothesize that Asian underdevelopment was due to factors which are rooted to its culture. For example, Boeke [63] played the culture card for Indonesia and developed a dual-economy thesis, which he believed to be valid for other poor countries, that most colonized people had values, traditions, and expectations that were inimical to capitalist development. Hagen [64,65] provided some support for Boeke's culture-based explanation of economic stagnation. Contrary to Boeke-Hagen's thesis, Higgins [66,67] noted that dualism was not confined to tropical/colonial areas but had also existed in both Europe and North America. After remaining at the periphery, culture has taken a prominent position in East Asian economic development. Many culturalists this time find an explanation of East Asian economic success in Confucianism [68]. The main thesis is that the Confucian value system has created pro-growth economic and political institutions, such as strong political and economic leadership and co-operation between the government and business, in countries like Hong Kong, Singapore, Korea, Taiwan, which were the basis of modern development of these countries [61].

27. Ahmed, R., *The Bengal Muslims 1871-1906: A Quest for Identity*, New Delhi, Oxford University Press, 1981.

28. Novak, J.J., *Bangladesh: Reflections on the Water*, Bloomington, Indianapolis, Indiana University Press, 1993.

29. According to Nirad Chaudhury's description, 'people who dress, look, and behave differently are ethnically different' [28]. In strict sense, there is no Bengali race, it is a mixture of different races.

30. Wright, D., *Bangladesh: Origins and Indian Ocean Relations*, New Delhi, Sterling Publishers

Private Limited, 1988.

31. Greenough, P.R., *Prosperity and Misery in Modern Bengal: The Famine of 1943-1944*, New York, Oxford University Press, 1982.

32. Chatterjee, B., *Inside Bangladesh Today*, New Delhi, S. Chand and Company Limited, 1973.

33. Ahmed [27] aptly puts it: "Their [Ashraf Muslims] zealous emulators included in particular the rising middle classes amongst the local Muslims - the small landholders, village priests and, above all, the new urban-educated - who in their search for respectability and a 'genuine' Islamic identity repudiated their Bengali origins and climbed hard to find a toehold at least on the lower rungs of the ashraf social ladder, now accessible because of economic pressures. Local names, dress and language gradually became repugnant to the neophytes as symbols of an un-Islamic culture."

34. Lewis, W.A., *Theory of Economic Growth*, London, George Allen and Unwin Limited, 1955.

35. Choudhury, G.W., *The Last Days of United Pakistan*, Perth, University of Western Australia, 1974.

36. The break-up of Pakistan and the creation of Bangladesh in 1971 do not necessarily disprove Jinnah's two-nation theory. In Bangladesh, the debate between Bengali nationalism and Bangladeshi nationalism is partly centered on the latter's emphasis on Muslim identity of most of the Bangladeshi people. Chatterjee [32] strongly argues that the two-nation theory remains valid for Bangladesh: "Ever since the emergence of Bangladesh, even the highest in our country [India] have been shamelessly claiming that the event has destroyed the two-nation theory. Somebody should ask these hypocrites if they could give one good reason for the separate existence of Bangladesh after the destruction of the two-nation theory. If the theory has been demolished, as they claim, then the only logical consequence should be the reunion of Bangladesh with India, as seems to be the positive stand of the Bangladeshi Hindus.... [N]o person in Bangladesh today can dare to assert from a public platform that what was done in 1947 was wrong, for the people know that had Pakistan not been created then, Bangladesh too would not have come into existence now."

37. Hossain, A., "Macroeconomic Policies and Problems in Bangladesh During the Mujib Regime (1972-1975)", *Canadian Journal of Development Studies*, 17(1), 1996, pp. 119-136.

38. Sobhan, R., *Bangladesh: Problems of Governance*, New Delhi, Konark Publishers Private Limited, 1993.

39. Ahmed, M., *Bangladesh: Constitutional Quest for Autonomy 1950-1971*, Wiesbaden, Franz Steiner Verlag, 1978.

40. For example, A.S.M. Abdur Rab, one of the major student leaders, was the son of a truck driver [69].

41. The essence of the two-economy thesis was that the regional economies of Pakistan can be considered as two distinct economies. The concept was discussed in 1956 by Bengali economists during a conference on the First Five Year Plan. Dr. A Sadeque, Bureau of Statistics, and Dr. Habibur Rahman, Pakistan Planning Commission, were other Bengali economists who developed this concept [38].

42. Sheikh Mujib volunteered to surrender to the Pakistani army. He spent the whole period of Independence war in the Pakistani jail. He was released on 8 January 1972.

43. Islam, S.S., "The Role of the State in the Economic Development of Bangladesh During the Mujib Regime (1972-75)", *Journal of Developing Areas*, 19(2), 1985, pp. 185-208.

44. Non-Bengali Muslim immigrants from India.

45. The business success has been rapid for those who participated in the Independence War and managed to market it to gain access to state patronage and resources, including subsidized loans from the nationalized banks which they simply did not bother to repay.
46. Siddiqui, A.M.A.H., "The Economic and Non-Economic Impact of Labor Migration from Bangladesh", in *Asian Labor Migration*, edited by F. Arnold and N. Shah, Boulder and London, Westview Press, 1986.
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56. Todaro, M., *Economic Development in the Third World*, New York, Longman, 1994.
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64. Hagen, E.E., "The Process of Economic Development", *Economic Development and Cultural Change*, 5(3), 1957, pp. 193-215.
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66. Higgins, B., "The 'Dualistic Theory' of Underdeveloped Areas", *Ekonomi dan Keuangan Indonesia*, 3(2), 1955, pp. 58-78.
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