

# From Plassey to PRSP: The anatomy of poverty creation

Colonialism is no more, but the institution of production and exchange that it established is still there. The sole purpose of the current economic order is to appropriate economic benefits for the dominant economies, and the perpetuation of this order is ensured through well thought out economic programmes imposed on these economies by the dominant ones through agencies like World Bank, IMF, etc. These programmes are primarily tools for political and economic penetration in these countries, and serve the commercial interests of the dominant economies.

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RECENTLY, with much fanfare, and a stellar constellation of bureaucrats and "project academics", a seminar was held on Poverty Reduction Strategy Paper (PRSP). The process of impoverishment of Bengal, one of world's most flourishing areas at the time, started with an experiment in sponsored governance by the East India Company (EIC). Since then Bengal was to witness neither prosperity nor peace, and recently has been disparagingly called "the International Basket Case" by Henry Kissinger, an early architect of the violent US foreign policy.

In recent forums on poverty reduction, there seems to be a lack of awareness about the process which created this abject poverty; ironically enough these forums attempt to reverse the consequence of this process.

Wealth of Bengal was legendary and was widely known. "A wonderful land, whose richness and abundance neither war, pestilence nor

oppression could destroy" remarked an early English visitor. (Hartman and Boyce, *Quiet Violence*, Ch. 1). To the well-known traveller of much earlier time, Ibn Battuta, Bengal was a "country of great extent, and one in which rice is extremely abundant. Indeed I have seen no region of the earth in which provisions are so plentiful." At the time of European arrival, Indian industrial development was "not inferior to that of the more advanced European Nations", a British Royal Commission of 1916-1918 reminisced. (Noam Chomsky, *Year 501: The Conquest Continues*, p13). Frederick Clairmonte cites British Studies to infer that "the industries of India were far more advanced than those of the West up to the advent of the Industrial revolution." (Frederick Clairmonte, *Economic Liberalism and Underdevelopment* (Asia Publishing House), 1960, 73, 87.)

During the seventeenth century, Bengal was the textile hub of India; Bengal produced various types and qualities of cotton textiles, particularly calico which when introduced by EIC in 1623 in European markets, caught the imagination of European

Nobility and common people alike. An English pamphleteer, Pollexfen, thus expressed the need for protection for English industry in 1681: "As ill weeds grow apace, so these manufactured goods from India met with such a kind reception that from the greatest gallants to the meanest cook maids, nothing was sought so fit to adorn their persons as the fabric from India (italics added)" (Quoted by Prakash in *Dutch East India Company*, 201). France banned calicoes in 1686 and England in 1700.

Until the middle of eighteenth century, Europeans had no territorial possessions in India, though they had built a few factories and forts with the permission of the local Kings. EIC gained ascendancy in Bengal by bribing Mir Jafar, the then commander-in-chief of Bengal by defeating the Nawab in the infamous Battle of Plassey. This was a turning point for the history of not only Bengal but the mankind, because the "wealth beyond dream of avarice" of Bengal proved to be the vital force behind England's ascendancy to global hegemony.

What followed next in Bengal

was a policy of planned de-industrialisation: In 1783, House of Commons Select Committee on Administration of Justice in India observed: "This letter contains a perfect plan of policy, both of compulsion and encouragement which must in a very considerable degree operate destructively to the manufactures of Bengal. Its effects must be to change the whole face of the industrial country, in order to render it a field for the produce of crude materials subservient to the manufactures of Great Britain". (Ninth report of the House of Commons Select Committee on Administration of Justice in India, 1783, 64). The same was repeated all over India, as EIC took over control of one kingdom after another. The process of greatest catastrophe for mankind started; England started to walk the path toward industrialisation by brutally destroying industries of India. As it expanded its territories, it repeated the same experiment, thus in 200 years of domination, England, and other lesser European powers left their colonies devastated, morally bankrupt, economically depleted and dependent.

Bengal "was destabilized and impoverished by a disastrous experiment in sponsored government." (John Keay, *The Honorable Company: A History of the English East India Company* (Harper-Collins, 1991)). Dacca (Dhaka) in 1757 was described by Robert Clive of East India Company as "extensive, populous, and rich as the city of London". By 1840, its population had fallen from 150,000 to thirty thousand. Sir Charles Trevelyan testified before the House of Lords,

"jungle and malaria are fast encroaching -- Dacca, the Manchester of India, has fallen from a very flourishing town to a very poor and small town."

England was comparable to India in industrial growth but far poorer than India at the time of British takeover of Bengal. While over the next century England emerged as the most industrialised country in the world, Indian industry was destroyed by British regulations aimed at securing market for products from England and destroying competition from advanced textile sector of Bengal. It was outright destruction through violence. In 1772, English merchant William Bolt wrote: British traders used "every conceivable form of rogery" to acquire "the weavers' cloth for a fraction of its value". Having no respect for any civilized norm of conducting business, the British traders resorted to "various and innumerable... methods of oppressing the poor weavers... such as by fines, imprisonments, and floggings, forcing bonds from them, etc." He holds responsible "the oppression and monopolies" for "the decline of trade, the decrease of the revenues, and the present ruinous condition of affairs in Bengal." (William Bolt, *Considerations of Indian Affairs, 1772*, cited by Hartman, Betsy, and James Boyce, *Quiet Violence: View From a Bangladeshi Village* (Zed, 1983)). That was in 1772, only fifteen years after the Battle of Plassey; this period has been dubbed as "the Plunder of Bengal". Horace Wilson, in *History of British India* (1826) felt the need for such policies and wrote, "The mills of Paisley and

Manchester would have been stopped in their outset, and could scarcely have been again set in motion, even by the power of steam. They were created by sacrifice of the Indian manufactures." (Chomsky, *Year 501*, 12).

Bengal was described as an example of prosperity by Adam Smith, the author of "Wealth of Nations", the book which laid the philosophical foundation of capitalism. Noam Chomsky of MIT synthesised Adam Smith's remarks from three documents.

"Contemporaries graphically described the vicious 'oppression and monopolies' of the British as they robbed and destroyed Bengal's agricultural and advanced textiles, strewing the land with corpses as they converted wealth to misery, turning 'death into famine,' often ploughing up 'a rich field of rice or other grain -- in order to make room for a plantation of poppies' if company officials 'foresaw that extraordinary profit was likely to be made by opium'." The miserable state of Bengal, and of 'some other of English settlements' is the fault of the policies of mercantile company which oppresses and domineers in the East Indies."

A British enquiry commission in 1832 described the effect of sponsored government created through Permanent Settlement Act of British Parliament. The commission found "the settlement fashioned with great care and deliberation has to our painful knowledge subjected almost the whole of the lower classes to most grievous oppression." In the words of Director of East India Company, "The misery hardy finds a

parallel in the history of commerce. The bones of cotton weavers are bleaching the plains of India" Nevertheless Governor-General of India, Mr. Bentinck, was unmoved and observed, "The permanent settlement, ... has this great advantage, at least, of having created vast body of rich landed proprietors deeply interested in the continuance of the British Dominion and having complete command over mass of the people."

"As local industry declined, Bengal was converted to export agriculture, first Indigo, then jute, producing over half of world crop by 1900 though not a single mill for processing was ever built there under the British rule (until 1947). Manufacturing industries, which has been comparable to its own at the time of the conquest, as a British government analyst later conceded, not only failed to develop, but were largely eliminated, as India sank into rural misery", observes Chomsky (Chomsky, *Year 501*, 12).

A new world order developed through the colonial structure of production and exchange; colonies were integrated in a vast global system as producers of agricultural surplus which could be sold in the world market for great profit and/or could be imported to the colonising economies as raw material. The colonies were to serve as the market for the products of the colonial powers and as a safe haven for mercantile investment where profits were ensured through monopoly.

Colonialism is no more, but the institution of production and exchange that it established is still

there. The sole purpose of the current economic order is to appropriate economic benefits for the dominant economies, and the perpetuation of this order is ensured through well thought out economic programmes imposed on these economies by the dominant ones through agencies like World Bank, IMF, etc. These programmes are primarily tools for political and economic penetration in these countries, and serve the commercial interests of the dominant economies. Anyone familiar with Bank-IMF "structural-adjustment" experiment in South America knows the kind of havoc it has caused to that region in the area of poverty alleviation. These policies "typically create an economy subordinated to the needs of foreign investors and a two-tiered society, with islands of great privilege in a sea of misery, sometimes called "economic miracles" if investors benefit sufficiently." (Noam Chomsky, *World Orders Old and New* (Columbia University Press/New York, 1994), 82.). These policies are incongruent with the policies their proponents used to become economic powers and still using to maintain that position. Until the prevailing global economic order is altered, these PRSPs will not alter the poverty profile in any significant way, other than enticing the local intelligentsia into project seeking intellectual bankrupts.

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# Good governance and eradication of poverty

Though Bangladesh constitution provides for all the elements essential for good governance, despite the return of parliamentary democracy, establishment of democratic norms and practices has not been smooth in the country. With democratic governance, the constitutional rights and interests of the common citizens would have been safeguarded and better performance of state functionaries would have been ensured.

ABMS ZAHUR

BROADLY speaking, good governance needs three things: (a) Capability of the state; (b) Responsiveness; and (c) Accountability. This suggests that citizens, civil society, and government need to work together to build an effective state. In eradicating poverty and promoting development, this good governance is, according to some researchers, perhaps the most important factor.

People want to be governed well and to have a say in what happens in their lives, to be safe, to earn a decent living for themselves and get good treatment from government and public officials.

Bangladesh government's Poverty Reduction Strategy Paper (PRSP) attaches due importance to improve governance. The strategy includes: (a) Establishing good

governance in all spheres of administration; (b) Expediting separation of the judiciary from the executive; (c) Appointing ombudsman; (d) Raising the police force as a neutral organisation; (e) Keeping the administration neutral; (f) Ensuring transparency and accountability; (g) Providing appropriate clientele service; and (h) Reducing corruption in government offices. Needless to say that very little could be attained of the objectives stated above so far.

In the PRSP some constraints have been identified in attaining good governance. They are: (a) Fundamental imperative of maintaining political capacity vis-a-vis contenders; (b) Pressure for responding to the electorate's demand for development; and (c) An inherited bureaucratic culture which emphasises administering rather than governing.

Some NGOs (such as Samata) have been able to reduce poverty to some extent specially in the lives of the poor section. In fact Samata believes that without striving at improving governance by establishing transparent, accountable, and pro-people government, poverty cannot be reduced in a sustainable way.

It is specifically working for the landless people and has been successful in enabling the poor and landless people to organise, make their voice heard, exercise rights as well as knowledge and skills to improve their livelihood and well-being. It also claims to have been successful in improving governance at village, union and district level.

As strategy, it emphasises on including local government and other authorities and power holders as partners in the development and

reform process. This way the poor and the marginalised people have representative voice in local decision-making and can ensure inclusion of issues affecting their lives. Samata is reported to have pulled out 153,859 landless households with 800,067 people from extreme poverty through recovery and distribution of 78,468.19 acres of khas land and khas water-bodies.

To make governance work for the poor, there is a need for intensive and integrated effort of government, political parties, NGOs, private sector, civil society, media, and citizens. Building better governance takes time. It has to develop from within, and international partners are only to support.

As poverty is mainly structural, it needs focus on policy reformation, good governance and building of capacity of government to respond to the need of the poor. Just for continuation of development policies and their implementation, it is essential that there is national consensus on major issues of national interest. Confrontational politics must stop for pursuing common national goals, plans, and programs. Political parties must shed their negative image of being power hungry, Unscrupulous and demoralised public services can be transformed into corruption-free

and responsive development administration if politicisation and polarisation of every aspect of national life is stopped. Leadership in each field has to work with greater sense of patriotism, dedication and enlightened national interest to inspire and mobilise the enormous workforce for translating the nation's vision of a self-respecting, self-sustaining Bangladesh.

Though Bangladesh constitution provides for all the elements essential for good governance, despite the return of parliamentary democracy, establishment of democratic norms and practices has not been smooth in the country. With democratic governance, the constitutional rights and interests of the common citizens would have been safeguarded and better performance of state functionaries would have been ensured.

So far accountability of the parliament to the people and that of the executive to the parliament could not be institutionalised. Lack of adequate accountability and transparency resulting in widespread corrupt practices and unsatisfactory law and order situation have become endemic with political, social and administrative activities dampening the spirit of development.

Bangladesh will have to traverse a long way to reach the desired momentum in economic growth, poverty reduction, improvement in quality of life, and overall social development. Political situation in Bangladesh is certainly miserable, politicians acting mostly for personal or party interests. People are increasingly questioning their motivations and moral integrity.

The dilemma of political leadership in shown clearly in party politics. These leaders rather promote division in society at large. Only reforms in political parties will make them stronger institutionally and people will hold them in higher esteem. The political parties and civil society will then become natural allies. Otherwise political parties in Bangladesh will degenerate into self-serving political entities unable to satisfy the expectations of the people.

It is time the major parties must realize that if they fail to involve people in general (without making any discrimination whatsoever) in developmental activities, there cannot be any balanced growth towards eradication of poverty.

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# More than a bump

During the intifada, Halutz pushed hard to integrate the operations of his Air Force and Israel's domestic spy agency, the Shin Bet. In practice, that meant ceding his precious Air Force resources -- spy drones, for instance -- to Shin Bet control. Still, postwar blame games have a way of dimming past glories. Halutz has already weathered his share of "slight bumps" in this war's aftermath. It's anyone's guess how long before the feeling passes.

KEVIN PERAINO

AT about midnight on July 22, 2002, an F-16 fighter plane dropped a one-ton bomb on the Gaza apartment of Salah Shehadeh, a Hamas militant wanted by the Israeli military. The bomb hit its target, but also left 15 civilians, including 11 children, dead beneath a pile of crumbled concrete. The incident caused a furor in Israel; some pilots later refused to carry out orders for "targeted assassina-

tion" missions like the Shehadeh killing. But Air Force Commander Dan Halutz, for one, insisted he lost no sleep over the policy. Asked by an Israeli interviewer what he felt in such situations, he replied: "I feel a slight bump to the plane as a result of the bomb's release. A second later it passes, and that's all. That's what I feel."

Such cynical bravado may fire up the troops in wartime. But as Israel struggles to navigate the postwar interregnum, it also makes Halutz,

now the military's chief of staff, an attractive scapegoat for the Israeli Defense Forces' apparent failures in Lebanon. As Israeli soldiers stream home, some reservists and politicians, angry over tactical snafus and supply shortages, are calling for Halutz's resignation. Others complain that the former fighter pilot's dogged reliance on air power proved virtually useless against Hezbollah's mobile 122mm Katyushas. In a poll released recently by Israel's Yedioth Ahronoth newspaper, more than half

those questioned -- 54 percent -- said they thought Halutz should resign. Even the general, seldom one to admit his own mistakes, acknowledged the war plan had flaws. "We have to proceed to a meaningful examination of the successes and the errors," Halutz wrote in a letter to his troops.

Some of the most biting criticisms have come from Halutz's own men, who complain that the needs of ground troops were ignored in the campaign. "The whole way of resupply was really messed up," says Alon Gelinik, an infantryman from Israel's Nahal brigade, which fought Hezbollah guerrillas in Lebanon's southern villages. "We ran out of water. We forgot to bring food. For a couple of days, we only had a roll of bread. It was the worst experience of my life."

More troubling: rights groups have sharply criticized Halutz's campaign for its disproportionate

bombing and use of indiscriminate munitions like cluster bombs. Washington has reportedly begun an investigation into whether Israel used US cluster bombs against civilian targets. And recently Amnesty International issued a scathing report accusing Israel of destroying Lebanon's civilian infrastructure, implying that individual commanders could be charged with war crimes. In the past, Halutz has generally shrugged off warnings that he could be arrested and tried on such charges abroad. "I'm sorry to disappoint the Belgians, but of all the places in the world, I never had the particular intention of going to their country," he told an interviewer from the Israeli newspaper Haaretz in 2002. Asked recently what he thought about calls for a commission of inquiry into the conduct of this war, Halutz replied flatly, "I don't care."

Former military and intelligence officers who have worked closely

with Halutz insist caricaturing the general for his thick-skinned indifference is too facile. "He doesn't see everything through the rifle," says one former Israeli intelligence official, who requested anonymity in order to speak frankly about a colleague. During the intifada, Halutz pushed hard to integrate the operations of his Air Force and Israel's domestic spy agency, the Shin Bet. In practice, that meant ceding his precious Air Force resources -- spy drones, for instance -- to Shin Bet control. Still, postwar blame games have a way of dimming past glories. Halutz has already weathered his share of "slight bumps" in this war's aftermath. It's anyone's guess how long before the feeling passes.

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# Taking on the president

If he is re-elected by this Parliament, then Musharraf will become another (Hosni) Mubarak (of Egypt), staying in power for two decades or more. That's a troubling scenario, but it remains to be seen if the opposition, an uneasy and still potentially fractious alliance, can do anything about it.

RON MOREAU

AFTER nearly seven years in power, Pakistani President Pervez Musharraf is suddenly running into heavy political flak. His two main political rivals -- former prime ministers Benazir Bhutto and Nawaz Sharif, who are both in exile -- have begun cooperating and are pledging to return in time to campaign for general elections scheduled for late next year. Several prominent Pakistanis, including retired Army generals and former Supreme Court chief justices,

have written open letters to the president, who serves concurrently as Army chief of staff, asking him to retire from the armed forces and to hold free and fair elections next year under a caretaker government. Recently, 141 members of the formerly divided opposition in the National Assembly came together and presented a 500-page no-confidence motion against Musharraf's hand-picked prime minister, Shaukat Aziz, detailing a litany of alleged misdeeds ranging from the shady privatizations of state companies to allowing well-connected monopolies to fix cement,

energy and sugar prices at artificially high levels.

The government has a solid majority in the National Assembly and is expected to easily defeat the motion when it comes to a vote this week. But Aziz, and the president by extension, will take a serious political hit during the debate. Musharraf can be proud of Pakistan's 6 percent GDP growth over the past three years and of a 10 percent reduction in the number of Pakistanis living below the poverty line in the last five. But he and Aziz have failed to curb inflation that is running at

about 9 percent. The resulting rise in prices for essentials such as sugar, wheat flour, rice and beans is squeezing most Pakistanis. "It's the first shot of the opposition's election campaign to win over public opinion," says Samina Ahmed, the South Asia director of the International Crisis Group. "It's going to have an impact."

The prospect of elections is galvanizing a formerly fractious opposition that includes Bhutto, Sharif, more than a dozen smaller, secular parties and the Islamic religious alliance, the Muttahida Majlis-e-Amal. They all fear that Musharraf and his political allies will cement themselves in power for years to come unless the opposition begins mobilizing Pakistanis against the government now. "This is a do-or-die situation for us," says Ahsan Iqbal, a senior official in Sharif's faction of the Pakistan Muslim League (PML). Musharraf's men downplay the

opposition's offensive and deny that the government has engaged in any wrongdoing. "Our problem is just the usual vulnerabilities of incumbency," says Mushahid Hussain, secretary-general of the pro-Musharraf ruling PML. Even so, the president's men are leaving nothing to chance. They make it clear that Musharraf is determined to retain his controversial dual role as president and Army chief of staff for years to come, and to seek re-election for a second five-year term not from a freshly elected Parliament next year, as the opposition wants, but from the present body, which he controls and which was elected in widely criticized elections four years ago. (The president is elected by both houses of Parliament and the four provincial assemblies.) "Why shouldn't the same Parliament elect the president twice for 10 years?" asks the PML's Hussain.

The president's critics charge that, if Musharraf takes that route, he'd be demonstrating that he and the military don't trust free and fair elections. "Musharraf is increasingly seen by people as being more interested in perpetuating himself in power than in anything else," says retired Pakistani Army Lieutenant General Talat Masood. "If he is re-elected by this Parliament, then Musharraf will become another (Hosni) Mubarak (of Egypt), staying in power for two decades or more." That's a troubling scenario, but it remains to be seen if the opposition, an uneasy and still potentially fractious alliance, can do anything about it.

With Zahid Hussain in Islamabad.

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# No way out?

People now have their backs to the wall. Businesses down in a sea of corruption. Price manipulation of daily essentials destroys purchasing power and robs people of their sense of peace and security. It is a huge mess created by many sinners, small and big, but responsibility rests solely on the shoulders of those who, while in power and with the responsibility to look after the interests of the nation and the state, looked only after their own never-ending greed.

MANSUR AHMED

THE present government has been in office for a full term of five years and we now stand on the threshold of an election. It comes as a great disappointment to the common man that the BNP government has done nothing to check corruption.

The preceding AL government brought great shame to the nation when, during their tenure, Bangladesh came out as the most corrupt in the world in an independent assessment by Transparency International. Six years hence, the stigma still sticks to us. The greed of the politicians has tarnished the reputation of a whole nation, and insulted their sense of pride. Successive governments have miserably failed to take any meaningful corrective action to deal with this issue easily the number one topic in any agenda to improve governance.

Corruption, defined as misuse of official position for personal ends, is a crime that can be committed only by the people in power. You and I can only be the victims of corruption, suffering financial loss by having to part with scarce resources, and worse, for undergoing the humiliation of having to do so under duress. There may be some willing bribers, but a vast majority of people pay only when the choice is between bribing or going without a much needed service for which no alternatives exist.

In a system full of sharks waiting for their pound of flesh, there is nowhere to go for redress of grievances. The ministers who blame people for paying bribes should ask themselves what alternative arrangements they have made for someone who, for example, needs a driving license but cannot get one unless he pays? If the ministers were serious there could have been a departmental official, for redress of grievances, to whom people had guaranteed access.

By and large, we have had governments that are friendly to the corrupt and hostile to the honest and the conscientious. Look at people they have selected, as university VCs, and in courts, regulatory bodies, and so-called constitutional bodies

and constitutional positions. Competence and suitability of the candidates is never the issue. Loyalty and the willingness to cooperate without asking any questions is the only criterion. For this they have made judges out of people who forged certificates, and promoted cronies superseding competent professionals. This is because organized bribe taking and large scale money siphoning are collective activities that need the help of cronies. The goals are to maximise personal gain and to fill the party coffers, the latter being subservient to the former.

Now that the tenure of this government ends in a few months, the books of account of bribes receivable will be closed for the time being. Thieves, with their booty of stolen public money and private bribes, will be allowed to retain and enjoy the fruits of their crime.

Large scale corruption, when condoned by legal authority and allowed to go unpunished, becomes guilt-free and socially accepted and expected. So, the bribe takers can even get ready to change roles and play the good guys in the opposition. The game goes on. But even officially sanctioned corruption remains very corrosive, and surely and subtly eats into the underpinnings of the state and the society.

People now have their backs to the wall. Businesses down in a sea of corruption. Price manipulation of daily essentials destroys purchasing power and robs people of their sense of peace and security. It is a huge mess created by many sinners, small and big, but responsibility rests solely on the shoulders of those who, while in power and with the responsibility to look after the interests of the nation and the state, looked only after their own never-ending greed.

We have seen two acts of this play and now know all the scenes and dialogues by heart. We have seen the heroes and villains and know that they are two sides of the same coin.

There is no anticipation of a better future, only the fear of dreadful repetition. Is there no way out?

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