



From 'socialism' to disaster capitalism

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"The demonstration of superfluous consumption amidst mass hardship must be eliminated. Thus sumptuous hotel dinners, the exhibition of costly jewellery and dress, and the display of surplus motor space speeding past long queues for heavily overloaded public transport, to mention only a few, must be limited severely." — Professor Anisur Rahman, Member of first Planning Commission, 1974.

Capitalist growth is very much visible in Bangladesh now. The nature and quality of capitalism deserve much investigation and analysis. However, the direction of this form of economic growth contradicts aspirations built up during the Liberation War. The people of Bangladesh struggled for an independent state to have a different development paradigm from that of Pakistan. The declaration of independence summarised aims for independent Bangladesh in three words: equality, social justice and human dignity. After independence, commitments and principles described in the constitution recognised this spirit of the time.

One may be surprised to see that the Constitution of Bangladesh still holds the following commitments: "Further pledging that it shall be a fundamental aim of the State to realise through the democratic process a socialist society, free from exploitation—a society in which the rule of law, fundamental human rights and freedom, equality and justice, political, economic and social, will be secured for all citizens" (preamble).

There is no doubt that Bangladesh has attained significant growth in terms of GDP, capital accumulation, resource creation, infrastructure and so on. Nevertheless, with all these good numbers, the country continues to run in the opposite direction of the commitment to establish a society that is "free from exploitation" with "rule of law", that ensure "fundamental human rights and freedom", "equality and justice", and "political, economic and social security for all citizens".

The constitution further stated that: "It shall be a fundamental responsibility of the State to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing to its citizens—(a) The provision of the basic necessities of life, including food, clothing, shelter, education and medical care; (b) The right to work, that is the right to guaranteed employment at a reasonable wage having regard to the quantity and quality of work; (c) The right to reasonable rest, recreation and leisure; and (d) The right to social security, that is to say to public assistance in cases of undeserved want arising from unemployment, illness or disablement, or suffered by widows or orphans or in old age, or in other such cases." (Article 15)

Where do we stand now? Nobody can deny that there is a complete mismatch between constitutional pledges and the real development path.

Officially, five year plans are supposed to be the guiding document of the country. To date, we have seven such documents. Out of seven five year plans, the First Plan, in many ways, was different from the others. First,



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that plan declared an ideological position to break with the past and to follow a "socialist framework", although there remain large gaps between declared objective "socialism" and corresponding strategies. And second, it was prepared not by bureaucrats and hired consultants but by economists, who joined not merely for their professional careers but as a social responsibility, although they afterwards described their efforts as a failure.

Economist Dr Nurul Islam, the first deputy chairman of the Planning Commission, recalled his experience and examined the reasons of the failure in his book *Development Planning in Bangladesh* (1979). He pointed out that, "A Planning Commission dominated by professional experts and headed by academic economists and not by civil servants was already a break with past tradition." However, problems began when it became clear that the planners "overlooked the fact that the political leadership had no firm conviction in this respect".

Islam also argued that "there was the choice; on the one hand, of severe austerity... this in turn would have required a degree of ideological motivation, not discernible in post-independence Bangladesh. On the other hand, there was the option of seeking a large inflow of foreign aid from the rich, powerful nations, which brought with it certain restrictions on the freedom of action in political and economic decision-making. Bangladesh opted for larger foreign aid."

Therefore, the later period of the first plan experienced the erosion of "unrealistic idealism" and the growth of new social forces that were non-existent earlier. Islam identified the decisive players in the following years. He said, "By 1974 there were some who earned high profits in trade, speculation and construction and other service activities; they were joined by foreign aid agencies as well as foreign private corporations..."

We can see the gradual shift of the government's approach if we go through budget speeches and government policies.

Tajuddin Ahmed, the first finance minister of the country, outlined the governments' line of action in his first budget speech in June 1972. Tajuddin seemed to be very optimistic in "laying the foundation of a sound and dynamic economy" and "to lay the foundations of a socialist society, free from exploitation". Time showed that his wishes were never fulfilled. The old management system, along with old forces, proved to be immune to any fundamental changes and the question of building a "socialist" economy became rather dry. This scenario was reflected in the budget speech of the same Tajuddin in 1974, which was a testament of failure and frustration. His expulsion from the cabinet was an indication of a fundamental shift of the direction of the economy.

The first conference of the Bangladesh Economic Association (BEA) was held in 1974. By then, "faith in the capacity of the economists and their tools to shape the economic destiny of the nation was shaken" and there was an "atmosphere of national disappointments and frustration."

Dr Mazharul Huq, the then President of the BEA, in his presidential address, questioned the validity of using the term "socialism" while doing the opposite. He clearly said that the ruling party was incapable of leading the country towards that direction. He observed that "plundering", conspicuous consumption and shameless "sinful expenditure and festive programmes" were the main events of the day. He even extended his criticism to the Planning Commission and the First Five Year Plan. He said that the Plan was simply a prototype of the Fourth Five Year Plan of Pakistan, and despite the rhetoric of socialism, this was not at all a socialist plan.

The subsequent plans abandoned "idealistic" visions, objectives and practices to adjust with the rising new forces in society.

In fact, after independence, Bangladesh failed to alter the social power matrix that had prevailed in the Pakistan period. The structures and hierarchies of civil and

military institutions, created and developed during British and Pakistani rule, were kept intact. Similarly, the legal and judicial systems remained untouched; and the land administration, despite land reform measures taken in 1972 and 1984, remains unchanged till today.

After the formation of the Bangladesh aid consortium "on the same lines" as the Pakistan consortium, the World Bank (WB) captured the authority over development policy formation. Bangladesh became a member of the International Monetary Fund (IMF) too and engaged in its negotiation process. These two organisations practically built the skeleton of reforms which appeared formally under Structural Adjustment Programmes (SAP) that became operational since the mid-1980s. They also succeeded in building a strong support base among economists. In 1985, Rehman Sobhan, member of the first planning commission, wrote about the supporting role of the economists in this policy domination—"we should have no illusions that any significant run down in technical assistance programming which finance these consultancies would have significant repercussions on the livelihood of many



"Capitalism was a way of holding the masses in bondage to exploit them. Those who believed in socialism could never subscribe to any form of communalism. On the whole, they disapproved of the exploiting class."

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The Unfinished Memoirs

economists... economists have never been so busy in aid financed research and where their standards of living have become closely interlinked with the aid regime."

Things worsened after that. Martial law, direct or disguised, continued until 1990. That was the period of expansion of the repressive machines of state, polluting politics, institutionalisation of corruption, rise of communal politics, formation of a new super rich class and beginning of structural adjustment programmes. Since 1991, civil governments have been in power, but continued the same policies and practically strengthened the accumulation process.