

# Regional Industrialisation: Japanese Style

by ABMS Zahur

*It is very important for the local government to draw appropriate design and to develop practicable working strategies for implementation of such designs for full appreciation of the people for regional development and revitalization. The regional vitality can only be restored where the residents are enthusiastic.*

THE high economic growth during the 1960s brought drastic changes in the Japanese life. This resulted in the start of the collapse of the quiet rural life. The young generation started to migrate to urban areas. To stop this outflow of the rural population the concept "The Era of Rural Initiatives" was promoted in the late 1970s. Such concept, however, remained more as a theoretical concept. Even in the 1980s, the growth of the local economy showed a sharp downward. Some of the industrial regions suffered from serious structural depression. The over-concentration of both population and income in Tokyo became apparent and the problems of Tokyo-biased development emerged. People began to worry about the polarisation between Tokyo and the exhausted regions. Few reasons could be identified behind this skewed development. First, the local economies used to depend heavily on the depressed industries such as large scale steel and petrochemical industries which were playing leading roles in regional development. These industries started declining because of inevitable change in the industrial structure. Those local cities and towns which depended heavily on these industries for employment, income and amenities lost their glory.

Secondly, export-oriented regional industries, scattered throughout Japan also suffered from the economic recession since the late 1970s due to yen revaluation and the catching up by new industrialising countries. Even the domestic market-oriented regional industries followed the similar pattern because of the poor internal demand in the construction industry and private consumption.

Thirdly, the shift of industrial location to local areas lost its momentum due to emergence of a popular slogan "reduced management". Many firms adopted somewhat defensive management strategies by removing wastes (in money, men and material) to raise their profits. The trend of contraction of business activity resulted in sudden stoppage of relocation of industries from urban centres, located far from Tokyo or Osaka, developed by local municipal offices.

Fourthly, the effective relocation of income between ur-

ban and local areas through fiscal policies remained non-functional. To maintain fiscal equilibrium among local governments Japan adopted the policy of redistributing national taxes such as income, corporate and wine collected from rich prefectures to the poor ones. The income reallocation, of course, was not confined to the local allocation of tax. It also extended to public investment in infrastructure, rice price etc. It may be noted that such redistribution became effective only when the resource of the government was adequate. The central government at that time was under pressure of chronic budget deficit because it adopted the demand expansion policy through the issuance of government bond. To redeem a healthy economy, government started decreasing public investment or curtailing local allocation tax. Thus the income reallocation system could not attain the objective case of those prefectures which were dependent heavily on the government's fiscal policy measures.

Lastly, the over-concentration of economic activities in Tokyo also contributed to widen the gap. Despite the lack of dynamism and vitality of the Japanese economy the role of Tokyo (mainly concentrated in Tokyo) in the economy was growing steadily. They contributed to increase income and employment. This phenomenon widened the gap between Tokyo and the regional areas.

The slow growth of local economy in the early 1980s resulted in the development of consciousness that regional economies could not be promoted through reliance on external resource such as government fiscal outlays or investment by urban-based large firms, but they needed to take initiative and leadership to achieve autonomous development. Such concept was, however, not new in Japan. It already existed in certain places (e.g. wine-making in Ikeda town in Hokkaido or afforestation to grow fruit and jam-making at Ohya town at Oita prefecture). Such projects for regional development culminated into "one-village, one-product" movement which generated considerable interest throughout Japan. The "best-of-Japan-Kumamoto-can-be-proud-of movement" was con-

sidered along this line. The concept to produce or present something best in Japan which Kumamoto could be proud of was based upon locally available resources and the effort of the local people. To illustrate, the examples of largest production of summer orange-based brandy of Kawachi town or the longest and largest loop bridge, the longest, highest and heaviest copper bell at the Rengei temple may be cited. The following factors proved to be important for the success of these projects:

a. Projects were not copied. They were planned and undertaken by the organiser's own initiative and enthusiasm;

b. Critical review of regional assets (forest, natural scenery, historic spots etc.) were made;

c. Projects were started with modest scale and scope in accordance with the absorptive capacity of the region;

d. Due attention was paid on development of human resources. Only those persons who possessed some knowledge and capacity in manufacturing, and tourism sectors were given adequate training;

e. Availability of a dynamic leadership capable of planning and production.

The central government came out with a host of policies to revitalising the weakening regional economies. They were concerned with "technopolis on the one hand and 'resort area development' on the other. As it selected the regions on the basis of appropriateness to these laws there was competition among the local governments to convince about the appropriateness in selecting their respective regions.

The term "technopolis" means an industrial estate which accommodates those industries using micro-electronics-based advanced technologies. This was modelled after silicon valley in the United States. Here the city was developed to link tripartite components — manufacturing activities, research and development activities and living quarters. In manufacturing activities, most advanced technologies are used. Research and development activities are conducted by universities and institutions. Living quarters are provided with comfortable amenities in healthful environment. The first technopolis was opened to public in March, 1980 within

the framework of 'vision of trade and industry policy' in the 1980s. It aroused a considerable fervour among the local governments. Initially the high tech firms were very cautious in investing in the technopolis. Since 1986 such investments started growing rapidly. The position of living quarters improved with the increase in availability of workers in the technopolis. However, the linkage effects between industry and R and D institutes, between occupant firms, or between R and D institutes to generate intellectual stimulation and healthy competition accruing to regional vitality have not yet been realised appreciably.

Local areas with healthful environment and suitable for people to stay and enjoy various types of sports, recreations, cultural activities, and gathering in the compound were designated by the central government for the resort development projects. Basically private capital is utilised to develop such comprehensive projects. The central government provides financial and other support. Through the project stimulated economic local areas created a number of problems, such as demolition of natural environment and by providing more or less identical facilities such as hotels, skiing grounds, golf links etc. individual identity was lost. As the average Japanese still has more confidence on the urban-based large developers and firms, it will take time to acquire important know-how for the development.

It is very important for the local government to draw appropriate design and to develop practicable working strategies for implementation of such designs for full appreciation of the people for regional development and revitalization. The regional vitality can only be restored where the residents are enthusiastic. Furthermore, the small and medium firms with their headquarters located in regions can play a leading role in regional economic revitalisation. These firms represent the regional industries both in spirit and substance and they should be promoted to grow further if regional development and revitalisation are undertaken in line with regional economy.

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# Liberation and Beyond

by J N Dixit

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## Persona of Sheikh Mujibur Rahman

Part-II

MUJIB as the first head of government of Bangladesh was deeply imbued with a sense of Bangladesh's identity as a distinct socio-ethnic and political force in the subcontinent. He was clear about the ethno-cultural separatism of East Bengal from West Bengal (He emphasised the differences between being a "Bangal" and a "Ghoti"). He was also clear in his mind that the national identity of the newly created Bangladesh can be sustained only if the Muslim identity of Bangladesh forms a primary ingredient in "Bangladeshi nationalism." This emphasis on the Islamic identity of Bangladesh was not underpinned by any religious extremism or fanaticism or hostility towards the minorities of Bangladesh. His underlining the Islamic identity was devoid of the antagonisms which permeated Pakistan's views towards India. In the initial months after the liberation of Bangladesh, he affirmed secularism as a doctrine of the new Bangladeshi constitution and politics. But he did not believe in a total separation of religion from politics. He was conscious of the importance of Islam as a cementing factor in the processes of Bangladeshi national consolidation. He also felt that stressing the Islamic identity was a necessary bulwark against being swamped by or merged into the cultural matrix of West Bengal and, by implication, of India. He was also of the view that he should build up Bangladesh as the most important Muslim country in the sub-continent. Being demographically larger than Pakistan he felt that Bangladesh had greater claim to be the leading Muslim country in the South Asian region. He considered getting recognition from other Muslim countries, particularly Pakistan and becoming a Member of the Organisation of Islamic Conference (OIC), important for acquiring this position and for the consolidation of Bangladesh's distinctive membership of the international community. He aspired to Bangladesh playing the role of a bridge between the Muslim countries of South-East Asia and the Muslim countries of the Gulf and West Asia. He felt in addition that projecting Bangladesh as a Muslim country would enhance the quality and



Sheikh Mujibur Rahman greeting Defence Minister Jagjivan Ram on landing at Palam airport. Former President of India, Mr. Fakhruddin Ali Ahmed, is standing next to Jagjivan Ram.

quantity of economic assistance to Bangladesh from the Muslim countries in the Gulf, West Asia and North Africa. Hence his anxiety to be recognised by Pakistan as soon as possible, his prompt acceptance of membership of the OIC and his establishing economic and defence contacts with countries like Libya, Algeria and Egypt. He was of the view that the unavoidable and excessive dependence on India and the Soviet Union due to their role in Bangladesh's liberation should be reduced and balanced off with the expansion of relations with China, the US and UK despite the role which governments of these countries had played against the liberation of Bangladesh. He remained keen on expanding relations with Saudi Arabia, Indonesia and Malaysia as a part of his Islamic strategy to further Bangladesh's national interests.

It is to be noted that he visualised Bangladesh as an Islamic country in the mould of Indonesia and Malaysia rather than Pakistan, Libya or Saudi Arabia. His broad approach to foreign policy was that of a Bangladeshi nationalist who considered emphasis on Islam and building up relations with China and the Western powers as important requirements to further his country's interests. He was an advocate of stable and friendly relations with India and a comparatively distant relationship with the Soviet Union because of his apprehensions regarding any overarching influence based on Soviet-India nexus on Bangladesh's affairs. He considered the pacification and normalisation of the domestic political situation a matter of very high priority. While disappointed about certain segments of his compatriots being opposed to the liberation of the country he did not harbour any rancour or suspicion about them. He was of the view that the new Government of Bangladesh should make a conscious effort to achieve internal reconciliation. It is this logic, underpinned by his feelings that he is a father figure who cannot bear any grudge against his countrymen, which made him open the ranks of the civil services and armed forces to a sizeable number of civil servants and armed forces personnel who were profoundly opposed to the liberation of Bangladesh and equally opposed to

his leadership. He was of the view that no distinction should be made between those who supported the liberation and others who did not in providing them with opportunities to serve the country and to become part of the processes of governance which needed persons of talent and experience. He deliberately reduced the role of members of the Mujibnagar Government in the post-liberation manner in which he could exert supreme political authority and regain his pre-liberation persona and position as the most prominent figure in Bangladesh's politics. His retaining individuals of questionable loyalties like Khondakar Mustaq Ahmed and Taheruddin Thakur in the Council of Ministers, allotting significant assignments to civil and military officers who were not part of the liberation war and his refusal to take note of the possibilities of subversive motivations on the part of some of these people, reflected his mind-set which I have described above. Despite his genuine love for his people and his desire to project himself as a democratic leader, he was intolerant of dissent and opposition. The break-up of the youth wing of the Awami League which had not got fragmented would have provided him powerful grassroots support in the critical post-liberation period was a result of his intolerance. The deterioration of the law and order situation in Bangladesh onwards from the end of 1972 was a consequence of the drastic punitive measures which he took against the emerging opposition in his country. He had limited experience of managing institutional processes of governance. Mujib's dealings with his cabinet and his management of parliamentary politics was essentially of a benevolent authoritarian pattern. He was convinced that his popularity was charismatic and his undivided affection for his people precluded the need of advice and consent, checks and balances, in governing Bangladesh in the difficult phase of the post-liberation period. He was not happy with those members of his cabinet (like Tajuddin, Kamaruzzaman and Mansur Ali) who had the courage to voice their dissent to tell him to temper his emotive approach to politics and to acknowledge political realities and the complex and divisive motivations which characterised the power structure of Bangladesh. He was convinced that he would overcome problems emanating from these realities and motivations by the sheer force of his personality and his remaining an idealistic icon to the people of Bangladesh. This was the cause of growing alienation between him and the able and forthright members of his Cabinet and his public services.

His grasp of domestic economic problems and international economic relations was also limited. He was generally inclined towards populist economic policies and wished to project himself as an advocate of social equality and distributive justice. This found reflection in the initial policy decisions that he took on economic and developmental matters. Throughout the three and a half years that he was in power, he was subject to different and contradictory pressures. He had to revive and restructure a devastated economy. He had to meet the rising expectations of his people which were rooted in populist promises that the Awami League had made to them. At the same time he had to cope with the competing and inescapable pressure of an acquisitive and self-centred middle class which was coming into its own in terms of entrepreneurship and expectations, free from the restraints of West Pakistani domination. The situation was compounded by economic measures and sanctions to which Bangladesh was subjected by the United States, Britain, a number of Muslim countries and China between 1972 and 1975. Food shortages, floods and cyclones only increased his problems. The small, but effective and able economic advisers' group which he had could not prevent him from being pressured by the larger and amorphous forces affecting Bangladesh's economy. His economic policies, therefore, lacked continuity and stability as a result of which his popularity graph as an administrator had come down by end of 1974. It was the result of political disenchantment and growing tensions which led to his disbanding the Awami League, replacing it with the Bangladesh Krishak Shramik Awami League (BAKSAL) and his doing away with the Parliamentary form of Government and assuming the role of the Executive President of the Republic. These drastic changes were accompanied by the removal of his senior colleagues who were involved in the liberation struggle from the Cabinet and politicisation of the civil services of Bangladesh. His dependence on the armed forces also increased proportionate to the deteriorating law and order situation in the country.

This is the background in which one has to assess the role he has played in structuring Indo-Bangladesh relations during the first three years after the liberation of his country.

Sheikh Mujibur Rahman's attitude towards India during his brief stewardship of Bangladesh can be recalled in three sequential and chronological time frames. The first period was from about January 1971 to November 1972. The second was from November 1972 to March 1974. The last stretched from March 1974 till his assassination.

The first period was characterised by his anxiety about getting full support of India for the liberation struggle. This was followed by an unrecurrent curiosity and doubt about India's motivations in supporting the liberation struggle, followed again by a desire to nurture Indo-Bangladesh relations to see that India ensures the security and stability of his regime against external pressures and subversion from various quarters. The period from the winter of 1972 to March 1974 was characterised by the rejection of Mujib's psychological and political dependence on India and his anxieties about his own survival. It was also the period when Bangladesh gained increasing recognition as a member of the international community. There was a revival of doubts and incipient antagonisms against India based on pre-partition attitudes.

(Continued)

## Glimmer of Hope

by Navine Murshid

*A lot of hard work is still left undone. We need to be able to come out of our dogmatic views and adapt to the changes that economic growth and progress entail.*

BDANGLADESH may be re-approached in many ways. Starting from a GDP per capita of less than \$300 per year, Bangladesh has high infant mortality rates, low life expectancy living below the poverty line. The people in general are virtually insecure. People are discriminated against on the basis of sex, age and socio-economic background. Corruption knows no bound. The level of pollution in inescapably high due to unregulated emission of carbon dioxide, carbon monoxide, lead compounds and various other harmful substances from automobiles, specially the two-stroke engines of the three-wheelers. Although, even recently, when 92 per cent of the population had access to clean, safe drinking water, arsenic contamination has lowered the figure drastically. In terms of infrastructure, there is not much to hope for either. The curse of illiteracy is still prevalent, especially among female adults. Only 9 per cent of the GDP is saved, which, given the amount of GDP, is not a very promising figure. Hence, investment is low as well. Sad, but true, the list can go on and on.

Yet, Bangladesh has some sure signs to do well in the near future. Especially in comparison with other developing or under developed countries, Bangladesh is not faring too badly. The year 1998 was a difficult one. Devastating floods took a heavy toll on the economy. However, timely intervention and good management of the relief and rehabilitation effort by the Government has made the situation far better than it was expected.

In fact, Bangladesh's policy environment improved since the mid-1980s. The structural adjustment policies undertaken since then, resulted in trade liberalisation. Trade barriers were removed and free trade allowed; privatisation became the order of the day; the currency was floated to decide what would happen. Selective intervention helped to create a balance between excess market pressures

and government control. Government monopoly in food import was removed and the private sector was allowed to import food as well. That decision proved fruitful during the 1998 floods when more than half of the food aid was imported by the private sector. Had the government been left alone in this venture, the food management would not have been so successful. Hence, the improvement in policies since the mid-1980s enabled Bangladesh economy to grow faster and reduce poverty. In comparison, India started liberalisation and privatisation much later in 1991 and hence are in a disadvantageous position with respect to Bangladesh.

Bangladesh has seen many new initiatives in the past few years. The success story of Grameen Bank need not be repeated. Not only did their micro credit programme enhance the status of women and provided them with occupations, it also played a significant role in overall poverty alleviation as more people found employment. At a poverty alleviation conference organised by IFAD and BIDS recently, Md. Yunus, the man behind Grameen Bank, refuted allegations that they needed the poor to remain poor in order to stay in business. He argued that it is only when the creditors are rich that the chances of default are less. If the people are poor and can hardly afford two square meals a day, it is more likely they will not be able to pay back the money they borrowed. Therefore, if Grameen Bank wants to be successful, it would want to help people grow out of poverty so as to pay back their loans. It is noteworthy that countries like Malaysia, Sri Lanka and Malawi have benefited from imitating the Grameen Bank.

The government deserves some applause as well. In most developing countries, policies to reduce poverty are criticised for not reaching the poorest of the poor. It has often been claimed that policies to eradicate poverty have only served the urban elite to get richer. On

the other hand Bangladesh has made some progress. The Food for Work Programme (FWP), undertaken by Government in the 1990s, continues to have a positive effect. FWP organises work and pays with food for the construction and maintenance of agriculture supporting infrastructure, mainly irrigation, drainage and embankment works. Food crisis is a known phenomenon in this region. Food is an economic problem. People starve here, not because there is not enough food or because food supply cannot keep up with population growth, but because people do not have the money to buy the available food. Therefore, the Government policy had the ability to reach out to the poor and enhance them up to subsistence level. The success has also been due to the high marginal propensity to consume which at the individual level, tended to exceed one (which means the individual is consuming more than he can afford to). Hence, people were willing to work for food. For these people, it was a good bargain.

The Vulnerable Group Feeding (VGF) mechanism that saw itself at work during the 1998 floods also had the effect of reaching those people who were far below subsistence level. During the floods, the government did a good job of distributing emergency supplies, especially compared with other low-income countries when faced with similar disasters. The VGF is still operational, there has not been any reports of corruption in this respect. This is one mechanism that took place in a transparent and congenial manner. This may well be cited as an example of good governance.

The partnership between the government and the private sector is a commendable achievement as well. While in most developing countries the two treat each other with hostility, Bangladesh has gone far ahead in shaking off such mutual feelings of animosity. The success stories of the many Non-government Organisations (NGOs)

bear testimony to this. The government has acknowledged the role of the NGOs in providing Non-Formal Primary Education, Secondary Education as well as programmes for adult literacy. These programmes have supplanted public schooling and have had seen good results so far. Bangladesh is an underdeveloped country with little funds and government's partnership with non-government institutions would play an important role in enhancing growth in the long term. However, ensuring access to education remains a challenge with 6.3 million children between the ages of 5 to 14 in child labour and 40 million illiterates between the ages of 8 and 35. Still, the partnership holds the torch for a bright future.

Bangladesh has the advantage of having a population homogeneous in ethnicity, religion and language; relative lack of civil strife; location in the heart of Asia — world's largest growth centre and rich soil in contrast to that in countries such as Haiti and Sahel. Therefore, Bangladesh has the ability to manipulate these advantages to achieve the 'optimum' level of growth.

Not all this means that there are no problems. As mentioned earlier, the problems are immense. A recent World Bank report said, *inter alia*,

"There appears to be a lack of sufficient commitment to change. It has become commonplace to blame the entire system and to continue to exist with the status quo. This has resulted in low-level equilibrium where there is very little incentive to rock the boat." A lot of hard work is still left undone. We need to be able to come out of our dogmatic views and adapt to the changes that economic growth and progress entails. We still have plenty to learn. But, Bangladesh's capacity to innovate, openness to new ideas for the poor and creative interchange between government and non government enterprises hold the first glimmer of hope.

by Jim Davis

