

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 slowdown. 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 exhaustible 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 petro chemical 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 reallocation of income between urban

and local areas through fiscal policies remained no more 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 in case of those prefectures which were dependent heavily on the government's fiscal policy measures.

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 possessed 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 revitalise 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 healthy 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 healthy 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 supports. Though the project stimulated economic activities in less developed local areas it 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 revitalisation. 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.

The writer is a retired joint secretary of the Government of Bangladesh.

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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.

BANGLADESH may be 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 and half of its population 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 is 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. The market forces were allowed 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 flood 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 embankments works. Food crisis is a known phenomenon in this region. But contrary to what Malthus said, 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 bring 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 entail.

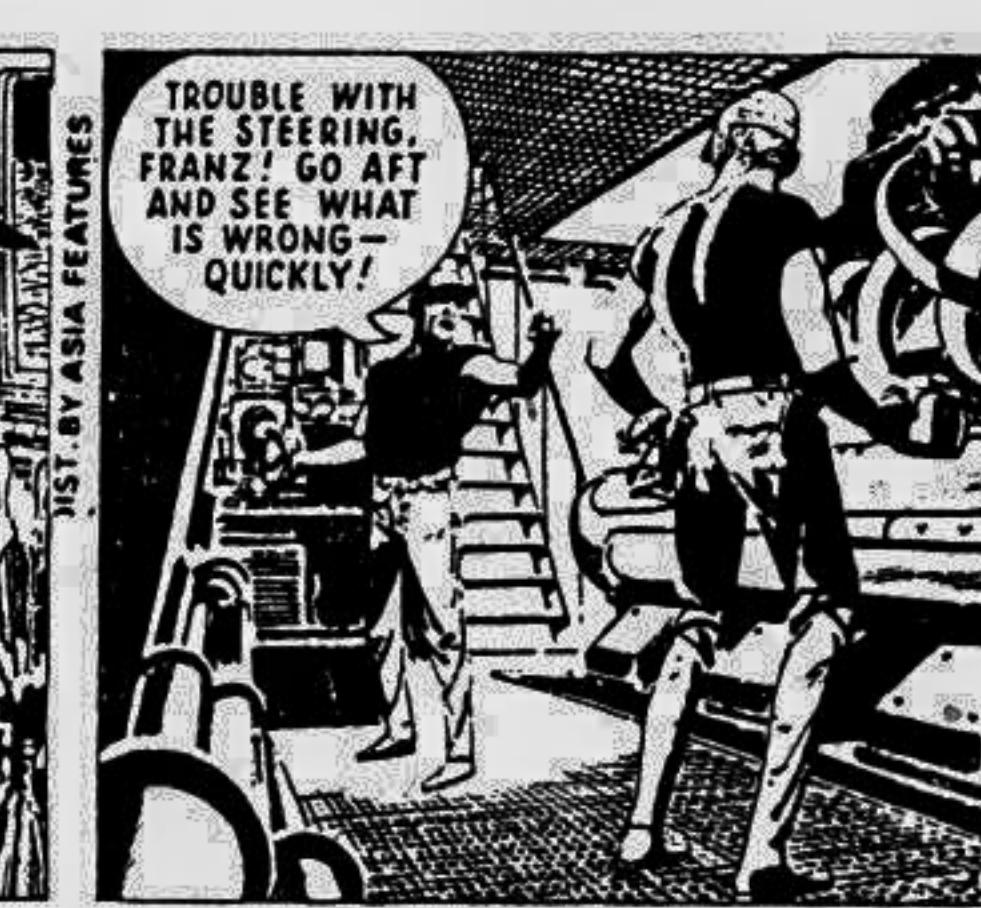
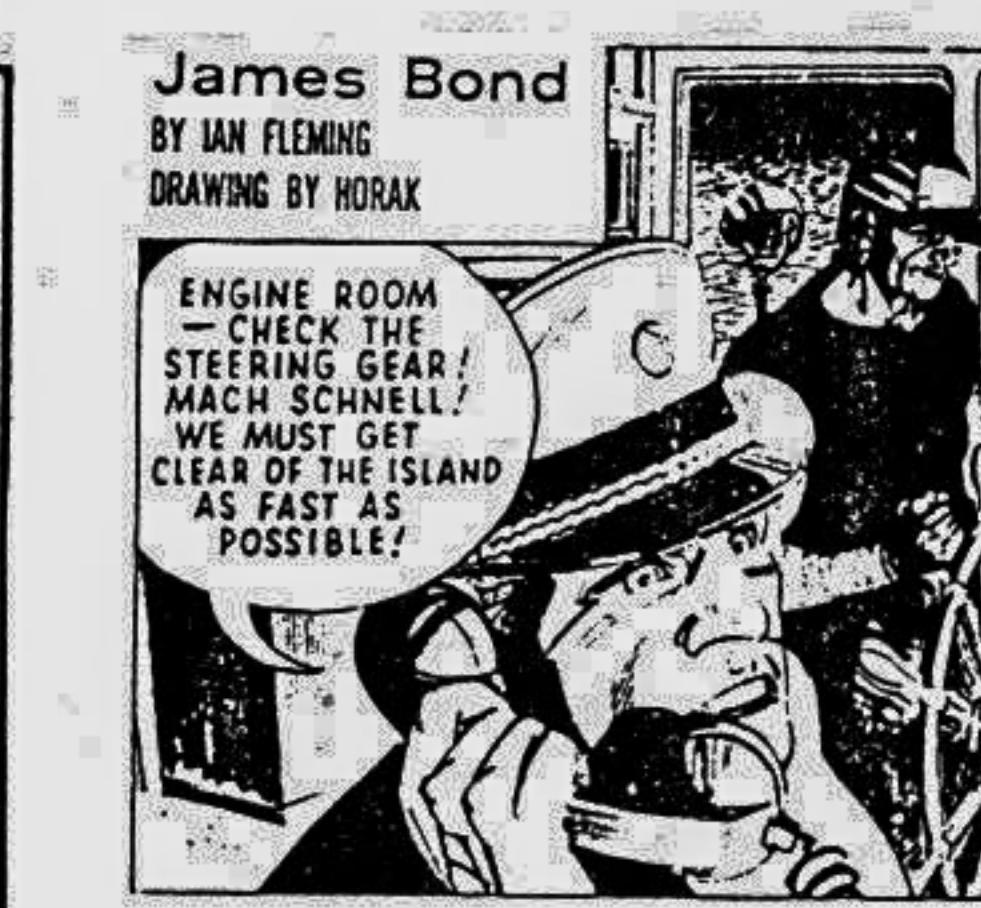
We still have plenty to learn. But, Bangladesh's capacity to innovate, openness to new ideas for the poor and creative interchange between government and non-government enterprises hold the first glimmer of hope.

THE GLOOMY PICTURE

THE BRIGHT SPOT

by Jim Davis

Garfield



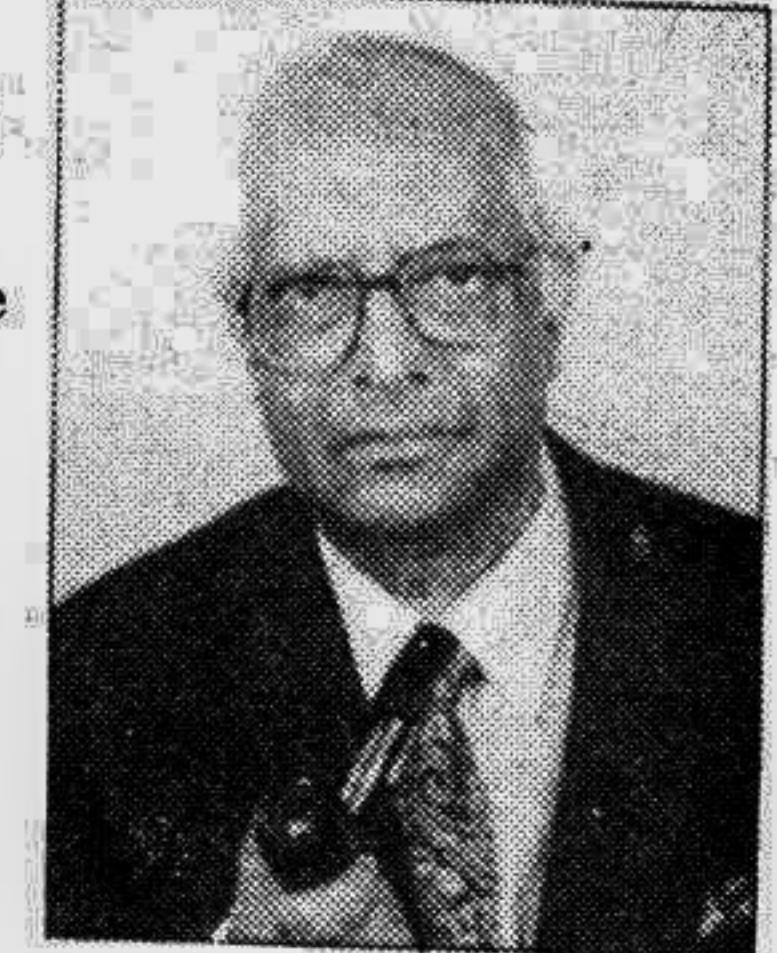
Liberation and Beyond

by J N Dixit

(The Daily Star is serialising extracts from the book through exclusive contract with University Press Limited (UPL), publisher of its Bangladesh edition).

Persona of Sheikh Mujibur Rahman

Part-II



MUJIB was 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 separateness of East Bengal from West Bengal (he emphasised the differences between being a 'Bengal' 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 of the Islamic identity was devoid of the antagonism 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 swayed 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

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 processes of administration. He felt that this was the only 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 Mushtaq Ahmed and Taheruddin Thakur in the Council of Ministers, alotted significant assignments to civil and military officers who were not part of the liberation war and his refusal to take note 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 dealing 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 undoubted 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 of conviction 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 disenchanted 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 undercurrent of 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 reduction 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)

The Observance of Anniversaries

by A M M Aabid

with pen-holders or 3-Taka ball pens.

The donor projects need some publicity for the continuation of the funding, either for a successive phase, or a new project. On such anniversary days, some sponsored seminars are also held (or several, during the Week), with selected speakers; but the critical side is toned down, and the deliveries are rather platitudine-prone; revealing that not much time is devoted to the home work for gathering material for a new series of articles.

But the outside data seekers are disappointed at the poor fare offered, as far as information-friendly press releases are concerned, as evident from the scanning of the articles which appear as Supplement in the print media. The old data and stale information are resubmitted and dished out in reshaped form, and very little new information or data are available; specially pertaining to the performance of the preceding year, or a couple of years, to judge critically the current performance. The data analysis exercises at the official levels are always subject to delay. Now computers can capture and retain data in better and faster ways than files can do, armed

It is difficult to get information in the developing coun-

tries, because the infrastructure and the institutional thrust for data collection, processing, and distribution have not developed adequately; not because information was intentionally being suppressed. The framework for generating development literature has to be strengthened (the donors are very receptive to such institution building exercises).

There is good news. These days the focus on the right to information is being stressed. Recently Dhaka witnessed the deliberations supported by the CHRI, the Commonwealth Human Rights Initiative — a non-profit agency which also deals with the 'Right to Information'. Information has limited use when the communication is one-way, specially in the public sector.

Disparity, specially in attitude and approach, do not encourage two-way communication. The communication gap has to be reduced in a planned manner, particularly in societies with 70-80 per cent illiteracy.

How far the thousands of NGOs are oriented in this direction has to be examined afresh with reoriented objective guidelines.

Feedback is the most neglected component in the LDCs; and even when available in minute doses, it is treated with indifference (the poor also enjoy the right to be informed). The target of communication has to be treated at peer level (citizenship enjoys equal rights). This is a vital component in the national development projects.

Now