

## Editor's note

## Let's develop Bangladesh in spite of...

WHILE THE WHOLE world welcomed the 21st Century with unmatched fanfare and jubilation we in Bangladesh did so with very little other than personal prayers that common sense would prevail upon our leaders so that the creative potential of the people of Bangladesh would at last have a chance to develop. Our farmers, our entrepreneurs, our micro-credit borrowers, our young professionals all seem to be ready to move forward only if they would not be stopped and discouraged by the destructive politics that seem to be throttling all our growth potential. How long are we to wait for the right policies, the right incentives, the right environment, the right leadership? No, we cannot wait any more. The 21st Century is here and we must break away from the traditional self-doubt and move forward with whatever we have.

It is to this spirit that we dedicate our 9th Anniversary supplement. We in The Daily Star have decided that Bangladesh must grow, it has to grow, in spite of all the obstacles — both natural and man-made — that come its way. With that goal in mind we asked some of our eminent thinkers to share their views with us as to how we can move Bangladesh away from its crippling self-doubt to a more vigorous and confident mind-set.

To be able to do that we undertook a review of what Bangladesh was able to achieve in nearly three decades of its existence. As we move along and looked at different things we realised that in spite of repeated natural calamities, politics of killing and coups, civic unrest, inept and often corrupt bureaucracy, backlog-ridden judiciary, uncommitted elite Bangladesh has shown signs of breaking out of the traditional mould and moving forward.

The most stunning performance has been that of our farmers. In spite of insufficient investment in the agricultural sector — save for a massive credit infusion following the worst flood in a century — and practically no private sector investment in it, our farmers have nearly doubled our agricultural output making Bangladesh nearly self sufficient in food. The garment industry proved that given a chance our businessmen could become global players and could compete for business internationally. What gave us renewed confidence is how our home-bound women folk suddenly took to this industry and by acquiring a totally new skill overnight became bread winners for their families. Here was proof that with however rudimentary education that was available in our villages, our women could learn new technologies quite easily.

Thus in our supplement we highlight areas — both big and small — where Bangladesh has shown some sign of breaking away from the traditional mould. There are two distinct parts to our supplement. The first section puts together the wisdom of our renowned scholars who tell us what has prevented our development so far, and how we can move forward. The second section, put together by our own staff correspondents, specifically deals with areas where we have made some moves forward that can give us considerable ground for hope and confidence.

It is our hope that by highlighting the positive elements of the past three decades we will be able to remove our habitual self-doubt and strengthen our resolve that we can develop ourselves in spite of every obstacle that we now face. Let us enter the 21st Century with renewed vigour, hope and most importantly, confidence. The Daily Star dedicates itself to working with a clear VISION for the future.

## Governance

## Governance issues loom large

by AZM Obaidullah Khan

IN RECENT TIMES, the issue of 'governance' has engaged the attention of researchers, policy makers and internal development community. It is increasingly believed that without addressing the issues of 'governance' there cannot be any rapid economic growth that creates jobs and raises income nor human development to empower the less privileged particularly women and children, and safety net programmes to provide the vulnerable groups the wherewithal for survival. In the mid-nineties, the United Nations Development Programme report (1995) has drawn pointed attention to this aspect of development strategy. However, there are differences in approach to the issues of 'governance' among those who advocate for it. Consequently, in Bangladesh and elsewhere, the concept of 'governance' remains somewhat amorphous.

In any discussion on 'governance', it must be acknowledged that its importance is not limited to developing countries only. The concern for 'governance' is loud and clear in many industrialised countries also. One of the national best sellers titled *Reinventing Government* (1993) by Osborne and Gaebler and the Al Gore report are examples of this concern in the United States. The reforms carried out during Margaret Thatcher's regime in the United Kingdom is another example. This is thus a global concern. The issue of 'governance' will necessarily vary from country to country depending on the relative nature of political and economic development as well as difference in culture and tradition, behavioural norms and constraints.

The existing literature on 'governance' exhibits varying degrees of emphasis on one or the other organ or organs of the state and/or the society at large. The UNDP report (1995), for instance, defines 'governance' as the exercise of political power to manage a nation's affairs. It further implies that public sector management is synonymous with 'governance'. At the same time, it argues that the ability of UNDP to achieve human development goals, to a considerable extent, hinges on the quality of governance, especially public sector management in its member countries, as also in harnessing capacities of civil society organisations to work with the government towards the goal. The elements that constitute the civil society include community and youth organisations, academia and research institutes, the press and the media, advocacy and non-governmental organisations (NGOs) including spontaneous grassroots movement. The report makes one important point. It is that the NGOs to date have probably received greater attention than other civil society organisations outside the government. It can be argued that with little more focused attention along with development NGOs to business and professional associations, 'peasants and workers' organisations, occupational groups, ethnic identities, urban middle-class associations, university graduates associations, women's legal rights groups, independent think-tanks etc., the objectives of good governance can be achieved.

The World Development Report (1997) looks at the issue of 'governance' in a much broader canvas encompassing the formal structure of the state and those outside. The report does not advocate for a reforming state that transforms into a

passive structure on the ground that 'such a state can do no harm, but neither could it do much good'. Drawing on examples of collapsed states, it emphatically states: 'Certainly, state-dominated development has failed. But so has stateless development — a message that comes through all too clear' in the agencies of people in collapsed states such as Liberia and Somalia. Acknowledging the pathways to an effective state are many and varied, the report does not offer a single recipe for state reforms worldwide.

The report, however, suggests a two-pronged broad recipe for 'governance'. First, focusing the state's activities to match its capability. That is, instead of trying to do too much with few resources and little capability, the state should focus on the core public activities that are important for responsive development and delivery of public goods. Second, it should look for ways to improve the state's capability by reinvigorating public institutions.

Conversely, it can be argued that the pathway to better governance is not to allow the state to sink into insignificance. At the same time, the state should not exercise an all-pervasive influence on resources, markets and the civil society. There has to be a harmonious balance between the two extremes. The way to achieving the balance is not in expecting the state to go for a big-bang scenario but in improving various steps of governance that involve critique of performance and diagnosis of malaise; establishing wider stake-holding ownership of that diagnosis including the middle classes and the poor; identifying countervailing influences and building movement with political clout in order to change the incentive calculations of the power-holders in the public and/or colluding monopolies; and then deploying the advocacy and audit skills in both a general but also disaggregated way on different parts of public performance. It should be borne in mind that the countervailing forces are not homogeneous with identical interests. A segmented, disaggregated process will connect specific stakeholders to state performance of specific relevance to their interest specialist constituencies. This rather modest but realistic agenda of good governance as a precondition to good government falls within Asian Development Bank's delineation of governance as 'the manner in which power is exercised in the management of a country's social and economic resources for development.' And it presents numerous dilemmas for development-partners, bilateral and multilateral. Shifting from a state that is both heavily involved in the economy, though not expected to operate in a formal-legal manner, and paternalistic in its exercise of power along with a comparatively closed and socially/culturally embedded imperfect market to an ideal of liberal pluralist rationality in which the relationships for the individual to the state and market arena including household and community structures are presumed to be open, transparent and mutually reinforcing clearly signifies an engagement with political process even for leverage and accountability objectives. Such an agenda, as it involves a preoccupation with strengthening certain aspects of civil society to constitute countervailing forces for a reconfiguration of

the political process does tread a fine line on issues of sovereignty and accusations of so-called political interference. But, given the reliance of Bangladesh government upon external assistance, both bilateral and multilateral development partners have become stake-holders in the process of good governance. Being able to offer resources and leverage, they cannot avoid their own political roles, despite rhetorical assertions of neutrality. The problem is taking politics out of politics.

Available literature on governance in Bangladesh has concentrated on good government approaches. These highlight many of the technical, structural and cultural weaknesses of government performance in Bangladesh which is further exacerbated by sectoralisation and sequentialisation. Quite often the boundaries between critical and crisis decision are blurred, as also role differentiation between and within the executive, the Parliament and the judiciary. There is, as various documents point out, a preoccupation with control rather than steering; inputs rather than results; guaranteed jobs rather than services; and a culture of blame rather than that of encouraging excellence or innovative experimentation with accompanying failures. The recommendation for a government that works are through reorganising the lines of responsibilities; legislative control over the executive; independence of a well-performing judiciary that can block the abuses of the executive branch or even partisan decisions of the legislature; governmental prudence as the cardinal virtue of politics; training and incentives for the functionaries in the administrative and public goods delivery set-up; ensuring formal rights and entitlement of the citizenry; facilitation of plurality of services through a dynamic private sector and transparent contractual relations enshrined in law and so on. These most valid concerns have not considered the principle of governance as a reconfiguration of the political process and transforming how power is exercised within the socio-political structure. Also, this is not just power in the sense of relationship between the civil society and the state; it is also about exercise of power within the state. So the agenda for a shift from 'good government' to 'good governance' is not just about accountability of the state to the society, but about the practice of public institutional performance and the determinants thereof. Such an agenda and its analysis will have to be in the context of socio-political structures and historically transmitted cultural values and norms.

**Socio-political structure: Norms and constraints**

Assumptions of a liberal-democratic pluralist paradigm and accompanying public choice perspectives that involve transparency, altered mixes of competition and co-operation and more formal rights and contractual relations may not be valid in a status-ridden and hierarchical society where patrimonial relationships are all pervasive. The people, particularly the less privileged majority are relegated to an incorporated client status, or in case of the ultra poor, excluded.

A draft report prepared by Geoffrey Wood for National Institutional Review by the World Bank points out: 'In the context of societies characterised by highly imperfect socially-embedded market, over all extreme scarcity of resources, a dysfunctional and imperfectly marketised state and a correspondingly high reliance upon personal social relation, livelihood survival of most people at

whatever level involves a complex set of calculations configuring a sustainable relationship between these elements'. Any understanding of good governance must recognise the range of commitment, obligations and therefore motivations in the psyche of social and political power-holders in Bangladesh. This is a prerequisite for identifying and mobilising the countervailing influences for altering the incentive calculations of the leadership at all levels [Social Dimensions of Governance, Geoffrey Wood, National Institutional Review, World Bank, July 4, 1999 (draft)].

The agenda for a shift from 'good government' to the principles of good governance, therefore must acknowledge a possible reconfiguration in the political process and the exercise of power. This is not, as noted in the introduction, just power in the sense of relationship between the civil society and the state; it is also about structure and exercise of power within the state.

Accountability of the state to the society and the practice or public institutional performance can be better understood if we take cognisance of the premises that (i) the social and cultural boundaries between the

public and the private domain are permeable; and (ii) the state actors, both in the political and the bureaucratic arena, do not discard their social norms and values while acting as public officials.

Within the above perspective, recruitment in the political parties as well as a entry and promotion in the growingly politicised bureaucracy have erected over time a set of incentives like securing vote-banks through patronage distribution by political leadership and rent-seeking by weakly qualified officials in order to establish their family members or kin groups more firmly within the political economy. Official locus of resource-accumulation is further tainted by resource-transfer between the public and the private domain via official rent seeking as younger family members of officials are supported to enter the private sector markets with the capital so accumulated. This collusion is being further enhanced by preferential access to large scale subsidised credit (due to indiscipline in the financial market and high prospect of successful default) achieved through official intermediation (I bid: Geoffrey Wood).

An elaborate diagnosis of the malaise of the public service has been made in the World Bank Study *The Government that Works* (1996). This report has not been acted upon as yet except in the periphery. It assumed an inclination to change from the current state-holders without reckoning the deeper structure of power-configuration in the politico-administrative culture and the high cost of change for most officials and politicians.

These deep structures contain dimensions of:

- Rural class relations overlapping into the urban scenario based on land holding and other key natural resources including the asset of official position and status.
- Elite control at national and local levels over resources and opportunities distributed by the state and through a collusive state-dependent private sector market. The state-resources have been historically allocated via patronage networks stretching down into the village level.
- Considerable official autonomy over the allocation of resources and their distributional impacts inviting widespread rent-seeking and corruption.
- Complex kin and caste-structure (though officially declined the Muslim culture) which underpins a pervasive patron-client relationship. This can be contrasted to the narrow kin-space and thus less effective brokerage of the underprivileged people in the state and the market arenas.
- An increasing exclusion of the ultra poor and the destitute from the clientist based forms of welfare. Ethnic minorities have historically been second-class citizens in terms of rights, labour-market entry, equal opportunities and participation in the mainstream society. Secularism consecrated by the Constitution was erased out during overt and covert military rule in Bangladesh. There has been a qualitative change in the situation with the current democratic regime.
- A persistent cultural domination of women by men with heavily gendered socialisation within a pervad-

ing ideology of patriarchy extending from the household upwards. The unvalued female-labour in the household and family farming and poorly paid female workers in the garment factories and domestic service are two examples of gender asymmetry.

- The strong reliance for all upon networks, linkages, interlocked transactions through vertical and opaque forms of control and power which defines necessary behaviours for livelihood strategy in terms of arbitrary authority based upon personal deference to official positions.
- Forms of inequality deeply rooted in the social psyche, thereby translating into deference-authority dyads and in turn determining the real quality of human and legal rights.
- A growing morality of plunder where opportunities allow and where such opportunities for family, wider kin and friendship networks take precedence over the public good.
- Increasing individualisation and siege mentality among the rural and recently urban middle classes in which wider senses of responsibility and social conscience are eroded; to some extent this qualifies and dilutes the earlier observation about the breadth of kinship. Thus, there is an ambivalent fission and fusion between security via kinship groups, individual ingenuity and a series of pragmatic, instrumental liaisons which for many will be strongly patron-client (This analysis draws upon Geoffrey Wood's paper).

Within the above context of social norms prevalent in Bangladesh, the well-intentioned prescriptions for good government has to be matched by an effort at mobilising the voice from below. Good governance for good government will involve a wider stake-holder ownership of a critique of performance leading to a change in discourse. Those with a vested interest in good governance have to be identified as opposed to those with a stake in bad governance. The complex status-quo can only be changed by alliances and coalition among the former so that the cost-benefit calculations by the current gainers from bad governance can be changed. The first two options there are collective awareness and mobilisation strategies which are being offered by development NGOs by creating an alternative social capital through horizontal alliances among the less privileged groups and women. This needs to be further extended to semi-urban, urban middle class through professional associations, media groups, independent research institutes and other private non-profit civil society organisations.

The moot point here is that all social actors have agency, the difference is in the degree of autonomy with which agency can be exercised. A major thrust and strategy for good governance in Bangladesh will be to support the ability of those with less autonomy to extend their range of choices, to extend their control over surrounding structures and to secure an expansion of rights and entitlements from the state. As agents in this process, they constitute one of the key resources therefore in the pursuit of improved public performance even if their presence is marginal.

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Official locus of resource-accumulation is further tainted by resource-transfer between the public and the private domain via official rent seeking as younger family members of officials are supported to enter the private sector markets with the capital so accumulated. This collusion is being further enhanced by preferential access to large scale subsidised credit (due to indiscipline in the financial market and high prospect of successful default) achieved through official intermediation.



Sentinels for 'protection' or 'repression'?