A shared honour

I feel honoured beyond measure at being designated as the first recipient of the Bangladesh Bank Prize for contributions by Bangladeshis to the discipline of economics. I can think of no greater reward than to be so honoured by my own peers, within my own country, and in my lifetime. I do not know if I fully deserve to be thus singled out. Most of my professional life has been invested in working with others, as part of a shared enterprise. My early career, beginning in October 1957, as a teacher in the Department of Economics of Dhaka University, was a defining period of my life. Dhaka University played an important role in the struggle for democracy and self rule for Bangalis and the Department of Economics played a vanguard role in this struggle. Whatever recognition I achieved at the time needs to be shared by so many of my colleagues and indeed my students who were on the frontlines of the struggle. My subsequent involvement with the liberation war elevated an insignificant academic such as myself into playing a role which was beyond my imagination. How else, during 1971, could I have been privileged to address some of the leading Senators of the US Congress and address the National Press Club in Washington DC, an honor usually reserved for Visiting Presidents and Prime Ministers. It was one of the unique features of the liberation war that it made all of us who were associated with it feel bigger than we were. It is the misfortune of post-liberation Bangladesh that so much time is invested in making people feel smaller than they deserve to be.

In the post-liberation period I was associated with my life long comrades, Nurul Islam, Mosharaff Hossain and Anisur Rahman in the building up of the Bangladesh Planning Commission. We brought in a large number of the most outstanding professionals who worked long hours, at subsistence wages, unleavened by extra-curricular earning opportunities, with extraordinary dedication, to build the Planning Commission and serve the country. In the 1980s I was again associated with a new generation of young economists in rebuilding the Bangladesh Institute of Development Studies (BIDS) into an institution of excellence, which was recognized around the region for its work. In 1991, as a Member of the Caretaker Government of Justice Shahabuddin, I was privileged to bring together 255 of the best professional talents of Bangladesh in 29 Task Forces, in an endeavour to recapture domestic ownership over Bangladesh’s policy agendas. Whilst I am remembered in some circles for these Task Forces, the real achievement owes to the dedication of these professionals, willing to work long hours, at no cost, to serve their country. Since 1993 I have again been involved in building up the Centre for Policy Dialogue (CPD), which also involves bringing together large numbers of people from various walks of life, to address issues of policy concern in Bangladesh and the region. The most recent endeavour by CPD in involving around 160 of our best professionals in 16 Task Forces, to prepare policy briefs designed to contribute to the political debate in the recent election campaign, was yet another endeavour to bring professionals together to address national problems. My most recent involvement in building up the South Asia Centre for Policy Studies, temporarily located at CPD, brings me together with some 25 distinguished South Asians and 6 leading institutions around the
region, to promote South Asian Cooperation. Beyond my immediate professional association with my peers, I have whether as a teacher at Dhaka University or a researcher at BIDS or today at CPD, always interacted professionally with young people, at various stages of their early careers.

It is therefore evident, at least to me, that at the end of 44 years of professional life, whatever little I have achieved owes to my commitment to stay and work in Bangladesh as part of a shared enterprise, whether in my own work as an economist, in my efforts at building institutions or in my political involvements. In recognizing me today, through the award of the Bangladesh Bank Parushkar 2000, you are recognizing an entire generation of Bangladeshis which includes some of you assembled here, as well as the institutions with which I have been associated. I therefore dedicate this award to all those who have contributed to make me whatever I am today.

The Bangladesh Bank is to be congratulated for their enterprise in initiating this award to recognize contributions to economics by Bangladeshis. It is my hope that the award will, in the years ahead, recognize the valuable contribution of not just other highly regarded economists but will serve as a stimulus to professional excellence as well as policy relevance to the concerns of Bangladesh, for a younger generation of Bangladeshi economists.

An intellectual odyssey

It is the convention in some such award ceremonies for the recipient to deliver a public address. I do not indeed to do this today because the theme of my address is still germinating in my mind. The paper circulated to you today on Correcting Structural Injustice, is a prelude to what I hope will be my concluding work as an economist. I hope that you will find time to read it at your leisure and then share your comments with me. What I aim to do instead is to share my thoughts on how I came to focus my work on the theme of correcting structural injustice, which I see as one of the crucial issues of our time. As part of this exercise, I therefore invite you to share a journey through my professional work to provide some understanding as to why I have chosen to address the issue of structural injustice as the final chapter of my professional life. In the course of this intellectual journey, you will, hopefully, be able to reflect not just on whether the judges were justified in awarding me this prestigious prize but on the intellectual concerns of an entire generation of Bangladesh society.

In my recollection, from the outset of my professional life in 1957, Bangladeshis have been preoccupied with the issue of structural injustice. We have been held captive, as a people, within layers of injustice which have narrowed the opportunities and abridged the lives of large numbers of our citizens. Before 1947 our peasantry were prisoners of injustice perpetuated through the hegemony of the zamindars as also through a process of communal subordination. After 1947 we were the victims of injustice through the usurpation of our democratic rights by a Pakistani ruling elite. In post-liberation Bangladesh our rural population remain victims of both societal and governmental injustice, where poverty has been perpetuated. The people at large remain witness to growing inequalities in the ownership of wealth, largely through unequal access to state patronized resources. This inequitable access to resources originates in the emergence of an unjust process of governance operating within an undemocratic state.
In such a system we have been unable to realize our own potential and have been held captive within the policy hegemony of our development partners. This externalisation of our policy agendas itself originates in our being embedded within an unequal international economic order. This unequal international system spills over into the South Asia region where we are caught in a pattern of inequitable regional relations.

In the context of our historical circumstances it is therefore not surprising that injustice should figure prominently not just in the concern of economists but in much of our contemporary literature. Rather than take you through a review of perspectives on injustice across the intellectual horizon of Bangladesh I thought it might be useful to expose you to my own intellectual odyssey as an example of how the issue of injustice influenced my professional work. My professional career, which now extends over 44 years, reflects the concerns of my generation with injustice. My own work has perhaps more exclusively, been preoccupied with the theme of structural injustice which unifies my entire professional work. Structural injustice in my use of the term, derives from the inequitable distribution of opportunities to participate in the benefits of both democracy and development. This inequity originates in the unequal workings of the market, unjust access to productive resources, and the undemocratic distribution of power. It was this concern with structural issues which moved me away from working on the technical aspects of economics and located my work within the broader interdisciplinary concerns of political economy. My exclusive preoccupation with the issue of structural injustice made it difficult for me to confine myself to a purely academic life since addressing such issues involves taking up political positions. It was thus not surprising that academics such as myself, who were on the frontline of the politically explosive debate on regional disparity, would be drawn into involvement with the political movement for self-rule for the Bangalis, which culminated in my participation in the Liberation War. It is this same concern with structural issues which has kept me involved in the arena of policy debate whether at BIDS or in my endeavours at the Centre for Policy Dialogue.

**Correcting State Injustice**

The issue of two economies and its manifestation in the perpetuation of economic disparities between East and West Pakistan originated in the structural injustices which characterized the nature of the Pakistan state. The principal source of disparity originated in the monopoly of political power in Pakistan exercised by a West Pakistani-based ruling elite, through the denial of the democratic rights of the Bangalis who constituted a demographic majority in Pakistan. Our suggested remedy for the problem of economic disparity was a constitutional separation of political power and policymaking between East and West Pakistan, through the granting of the right of self-rule to the people of East Pakistan. The concept of separation of powers in the Pakistan state had already been articulated through the 21-point programme of the United Front parties challenging Muslim League rule in the 1954 elections in East Bengal. In the politically charged atmosphere of the 1960s the growing concerns with regional disparity had been absorbed by the political leaders of Bangali nationalism and politicized in the 6-point agenda for self-rule for the Bangalis, presented to the world by **Bangabandhu** Sheikh Mujibur Rahman, in 1966.

For the historical record, I had no contribution in the drafting of 6-points but was happy to
have contributed to the intellectual debates which underwrote the struggle for self-rule. My concern with self-rule originated in my involvement as a teacher of economics in Dhaka University, with the intense political debate over regional disparity during the 1960s. My earliest professional work, which gained any recognition, dates from 1961, when I made my first public presentation on the theme of two economies at seminars in Dhaka and Lahore. My presentation at a seminar in Lahore in September 1961, on the need to address the unique problems of a polity with two economies, through conceding complete regional autonomy to East Pakistan, was headlined and reproduced in full in the Pakistan Observer. Such ideas were hardly original to me. Other Bangladeshi economists such as Prof. Abdur Razzaque, Dr. Sadeque, Prof. M.N. Huda, Prof. Nurul Islam, Prof. Mosharraf Hossain, Prof. Akhlaqur Rahman, Prof. Anisur Rahman, Prof. Abu Mahmood, Mr. Habibur Rahman and quite a few other intellectuals contributed to this debate. I was, however, at the age of 26, privileged to project this theme to a wider audience because I had the inclination and opportunity to speak out, at a time when Pakistan was still under its first exposure to Martial Law, on an issue which touched on the concerns of all Bangalis. Under Martial Law at that time, political leaders were gagged from speaking on political issues and most academics were inhibited about publicly challenging the official mythology of national integration in Pakistan.

My work on the issue of correcting the injustice of regional disparity persisted through the 1960s. Most of this appeared as popular journalism. My most provocative writings on the issue of disparity and self-rule appeared in the columns and editorials of the weekly Forum, edited by Hameeda Hossain and myself, during the exciting days of 1969-71. However, the most comprehensive summation of my work on regional disparity is to be found in the chapter I contributed to the 3 volume History of Bangladesh on the theme of the Economic Background of Bangali Nationalism, published in 1992 as part of the History of Bangladesh published by the Asiatic Society of Bangladesh.

My preoccupation with the theme of disparity eventually brought me, along with a number of Bangladeshi economists and academics at Dhaka University, into political conflict with the Pakistani rulers and policymaking establishment. This inevitably led to our direct association with the political leadership of the Bangali nationalist movement and eventual involvement in the liberation struggle. This involvement, along with my writings in Forum, must have been taken seriously by the Pakistani Junta who accorded me the privilege of sending a troop of the Pakistan Army, to arrest me from my home on the afternoon of 27th March 1971. That I am here to receive this award today suggests that the effort by the Pakistani junta was not successful. I was therefore invested with the privilege to spend the 9 months of the liberation war in 1971 as the Special Envoy of the Government of Bangladesh, campaigning abroad for the withdrawal of foreign aid to Pakistan and for the recognition of the right of Bangladesh to be a sovereign state.

Correcting Rural Injustice

In the 1960s those of you who are old enough remember the infamous system of Basic Democracies (BD) evolved by Field Martial Ayub Khan to perpetuate his autocratic rule in Pakistan and underwrite the denial of political justice to the Bangalis. In 1966 I published my first book on Basic Democracies, Works Programme and Rural Development in East Pakistan.
This book is out of print but I am told it is still cited by some scholars of rural development. Here again I addressed the issue of injustice inherent in the unequal distribution of political and social power in rural East Pakistan. This inequity was perpetuated by the system of Basic Democracies, which located power, through the Union Councils, in a rural elite. The BDs were used as a political instrument to perpetuate the authority of the Ayub dictatorship through official patronage provided by the Public Works Programme, funded by the US PL 480 food aid programme to Pakistan. To this day food aid continues to be used as a political resource by the government of the day and serves to reinforce the authority of a rural elite.

My work on rural injustice was renewed, early in the 1980s through my work, first on *Agrarian Reform in the Philippines* and then in my book on *Agrarian Reform and Social Transformation* published at the end of the 1980s, which had a more global scope. In this later volume, I argued that without a comprehensive agrarian reform, on a scale which could effectively correct the structural inequalities which characterise rural society, it would become much more difficult to democratize the polity, substantively eradicate poverty and ensure sustainable development in most developing societies.

**Correcting Injustices in the ownership of wealth**

One of the principal preoccupations in the period of Pakistani rule was the injustice inherent in a system of public policy and state patronage which led to the concentration of economic power within just 22 families. In the post-liberation period we were consequently concerned with the need to democratize the ownership of wealth in recognition of the fact that the liberation war had crucially depended on the support of a broad segment of the population who, therefore, bore the brunt of the sacrifices and loss of life in the struggle. The policy response of correcting injustice through public ownership, was itself driven by the pragmatic need for the Government of Bangladesh, to assume control over 40% of manufacturing assets and other business ventures in the financial and commercial sector, which were abandoned by their Pakistanis owners who fled from Bangladesh just prior to liberation.

In the beginning of the 1970s, the move to address structural issues such as the control of the economy by expatriates and the concentration of economic power, through the extension of public ownership, was accepted practice throughout the Third World and hardly unique to Bangladesh. Subsequent experiences with public enterprise in these countries, including Bangladesh, as also in the former socialist world, revealed that public ownership was not necessarily synonymous with democratizing the ownership of wealth. The politically influential, in collusion with the state bureaucracy, located within the specific political economy of a country, could also monopolise the control and benefits of state owned wealth. In particular societies where democratic accountability and transparency of the state were weak, the monopoly of economic wealth in the hands of the state, perpetuated both inefficiency and corruption. All these lessons have been learnt from the benefit of hindsight. My initial work in the post-liberation period arose out of my involvement in the Planning Commission on policy issues related to the deconcentration of wealth. This was captured in the subsequent research work I initiated in collaboration with Prof. Muzaffer Ahmed on *Public Enterprise in an Intermediate Regime*. Our work on public enterprise in the second
half of the 1970s, followed by other writings by me in this area, addressed the issue of the nature of the underlying political economy of the state. This perspective was seen as a useful analytical mechanism for addressing the assumptions and outcome of policies promoting the extension and eventual malfunctioning of state enterprises.

Correcting injustices in the global economic system

The global economy was then and remains a deeply unjust arena where the advanced industrial countries controlled markets and monopolized access to capital. The search for a New International Economic Order (NIEO) was part of an ongoing global discourse in the 1970s to correct these injustices in the global system. I contributed to this debate through my work initiated at Queen Elizabeth House, Oxford, at the end of the 1970s, addressing the injustices originating into the prevailing international economic order. I was particularly excited by the opportunities provided by the redistribution of global wealth towards the oil exporting countries through the rise in oil prices, which I viewed as a unique opportunity for the Third World to breach the monopoly of financial power exercised by the North. In my writings I attempted to argue that the prevailing economic order was rechanneling this oil wealth, in the hands of the energy exporters, back into the international financial system which was controlled by the financial institutions based in a few advanced industrial countries. I argued that the oil exporting countries should redirect more of their wealth, mostly invested or being lavishly spent in the North, to promote greater collective self-reliance within the Third World. Such a redirecting of resource flows within the South would contribute towards initiating a process of structural change in the unequal distribution of global economic power.

Correcting Regional Injustice

In post-liberation Bangladesh, in our days in the Planning Commission, one of our primary concerns was the need to correct the structurally unequal pattern of Bangladesh’s relations with our large neighbour India. Our proposed policy goal was to enhance and diversify Bangladesh’s export capacity through unrestricted access to the Indian market. This would lead to a more balanced pattern of economic relations and a more sustainable basis for political relations. My ideas on Indo-Bangladesh relations were captured in my P.C. Joshi Memorial lecture presented in Delhi in 1988.

Beginning in 1978, when at Oxford, I also initiated work on what, even today, remains an ongoing concern for me, on correcting regional inequity in South Asia through economic cooperation. My main concern was to find ways to correct the structural inequalities between the more developed countries of South Asia such as India and the structurally underdeveloped economies of South Asia such as Bangladesh. I contributed to the discussions on how to correct these structural inequalities through making more effective use of the institutions of South Asian cooperation such as SAARC. I argued in my writings, on the importance of empowering the weaker economies of South Asia, such as of Bangladesh, by diversifying their production base and exports through provision of unrestricted access to the much larger markets of India and also Pakistan. It was this same concern with correcting structural inequality which influenced my contribution in recent years, through the Indo-Bangladesh dialogues organized by CPD in collaboration with the Centre for Policy Research, New Delhi, to the discussion on the need to
evolve a more balanced pattern of relations between an economically stronger India and a weaker Bangladesh.

**Aid dependence and policy ownership**

Over the last 40 years, first in Pakistan and then in Bangladesh, aid dependence has been a crucial feature in our national life. In 1982, I published my first work on the issue of aid dependence and policy ownership, *The Crisis of External Dependence*. This issue of external dependence has continued as a recurring theme in my work over the last 20 years. The issue of external dependence was also viewed by me as a structural issue, associated with the issue of policy ownership, which I deemed to be no less important than the ownership of productive wealth. In my work on aid dependence I addressed the implications arising out of the hegemony of our principal aid donors over policymaking on the governance and sustainability of the development process in Bangladesh and also in other aid dependent countries such as Tanzania.

My works on external dependence not only looked at the structural features of aid dependence, such as low savings and weak governance, but also addressed the limitations of implementing a process of structural adjustment reforms, through the application of aid conditionalities. From the mid-1980's I was involved, through my writings, in a global debate challenging the market fundamentalism underlying the World Bank’s agenda for imposing structural adjustment reforms on aid-dependent client states. Our main critique of these reforms was their failure to address the structural dimensions of policymaking, the role of weak governance and the implications of lack of ownership over an externally imposed reform agenda. It is interesting, indeed heartening, to note that the arguments posed by some of us, over the last two decades, about the need to prioritize structural issues, governance and above all, the importance of domestic ownership over the design and implementation of reforms, are now accepted as the new conventional wisdom in the World Bank and among most other aid donors.

**Structural injustice and the default culture**

Today the concept of the default culture has become part of the public discourse. This originates in the inefficiency and injustices associated with the particular approach towards promoting private sector development in Bangladesh. Beginning from the early 1980s, working with several younger colleagues who have since earned considerable professional recognition, I discussed the underlying dynamic of debt default in Bangladesh and the consequences of an indiscriminate approach to the privatization of public assets, in the prevailing structural context of Bangladesh. These writings argued that policies designed to promote private enterprise should be more sensitive to structural aspects of private entrepreneurship by looking into the social background of local entrepreneurs and their capacity to make effective use of term loans and privatized assets. A system where structural weaknesses, in both the private sector and the official regulatory regime are compounded by the politicization of the lending regime and the privatization process, is likely to malfunction. Such an ill-governed system has served to perpetuate a default culture and has led to asset stripping, disemployment and eventual closure of many privatized units. This outcome is contrary to the assumptions underlying privatization policy because it does little to improve enterprise profitability, production or investment. It is also unjust because it locates public resource in the hands of a privileged few, who are left unaccountable for
the productive use of public resources.

**Governance and the state**

The issue of malgovernance is also today part of the general discourse. In the 1990s I continued with my work on the role of the state but extended this to initiate work on the theme of governance, when this concept was less fashionable. In my work, including research initiated at CPD, we argued that the relevant issue was not the extent of state intervention in the economy but the quality of its performance. The discourse on governance was designed to address the issue of what makes some states more effective than others. It was then believed that the East and South East Asian States were role models of good governance and successful development, compared to the South Asian states and most of Sub-Saharan Africa. CPD, in fact, organized a major international conference in 1996 and later published its first book under our Governance programme, on *Learning from East Asia: Lessons for South Asia*. We now know, in the light of experience with the Asian financial crisis in 1997, that the East Asians were not as well governed as was believed by the World Bank and ADB, as well as many distinguished academics. In retrospect, it appears that the weakness of the governance discourse lies in its inadequate discussion of structural issues located within the political economy of a particular country. My current work on governance seeks to reintroduce the concept of political economy into the discourse.

**Eradicating Poverty through Correcting Injustice**

Poverty remains the major issue of our time and is now the priority concern of our aid donors. My ongoing work, during the 1990s, on poverty and injustice addresses the less discussed issue of structural dimensions of poverty. This link between poverty and justice has led me to my current preoccupation with the role of structural injustice in perpetuating poverty and the political disempowerment of the poor. In my Nazmul Karim Memorial lecture, *From Two Economies to Two Societies*, my Nurul Matin Memorial lecture on *Restoring Justice to Banking* and my Mahbabul Haq Memorial Lecture, delivered in Ottawa in October 1998, on *Restoring Justice to Development*, I have focused on the need to rethink our approach to poverty by viewing it as the outcome of structural injustice rather than a deficiency of resources. In my most recent IFAD/FAO public, delivered lecture in Rome in July this year, on the theme of *Eradicating Rural Poverty: Moving from a Micro to a Macro Policy Agenda*, I took my work on injustice forward to initiate discussion on the strategies for eradicating poverty through correcting structural injustice by promoting greater democratization in the ownership of productive wealth.

In the paper I have circulated to you I have presented my preliminary thoughts on *Correcting Structural Injustice*, through democratizing the ownership of wealth and the functioning of markets. This approach addresses the need for:

- Expanding the ownership and control of the poor over productive assets
- Enhancing their access to a knowledge-based society
- Strengthening the capacity of the poor to compete in the market place
- Redesigning budgetary policy to reach public resources to the poor.
- Restructuring monetary policy move the poor upmarket to access resources from the macro-financial system and design savings investment instruments for the
poor

• Designing institutions for the poor to enable them to acquire ownership of wealth and manage effectively
• Empowering the poor through political participation

Correcting Gender Injustice

Work on poverty and structural injustice needed to recognize the more pervasive injustice and deprivation imposed on women. This issue has spawned a sizeable literature and mobilized a powerful political constituency around the world but in Bangladesh work in this area has been confined to a few women scholars, who have written strongly on the subject. I made my own exceedingly modest contribution to this discussion in my publication on *Planning and Public Action for Asian Women* which appeared early in the 1990s. I raised the issue of empowerment of women through introducing constitutional provisions to provide for greater representation of women in Parliament across Asia, but specifically in Bangladesh where they are massively underrepresented. My subsequent public presentations on gender deprivation have been contributed as part of a popular movement in Bangladesh to enhance the representation of women in Parliament through direct election to reserved seats for women. This movement has led to considerable mobilization amongst women’s groups to a point where Bangladesh may emerge as one of the first countries to legislate such a measure for directly electing more women into Parliament.

The concluding phase

My approach to democratizing the ownership of wealth, at the beginning of the 21st century, is somewhat different from the approaches which guided this policy discourse 30 years ago. However, the goals remain the same: ownership of wealth needs to be deconcentrated and democratized, if poverty is to be eliminated rather than alleviated, democracy is to be made more inclusive and if development within a market economy is to be made more sustainable.

This journey through my professional life, indicates that I could never afford to be an exclusively academic economist and always chose themes which were at the center of intense political debate at the national or global level. My writings were, accordingly, always designed to contribute to public policy debates. This has made my views on a variety of subjects quite well known, if not always attracting appreciation or agreement. I have felt strongly about the issues which seized my attention. I would like to believe that whatever, may be the judgment of my peers on my qualities as an economist, they were at no stage left in any doubt about my views on any of the policy debates, in which I involved myself. My hope for the present generation of economists in Bangladesh is that they will be more active in taking visible positions on issues of public policy. Such indeed was my advise to the economics profession in my Presidential Address to the *Bangladesh Economics Association* in July 1988, on the Social Role for the Economist in Bangladesh.

In this day and age, in my mind, in Bangladesh and indeed much of the Third World, the principal issue of the day is the correction of structural injustice, which could thereby give the most deprived segments of the population a right to participate more equitably in access to the
market, to resources and to political power. My hope, for the economics profession in Bangladesh is to apply their professionals skills to address the issue of restoring justice to development, which indeed was the theme of my address to the last meeting of the Bangladesh Economic Association at the end of 2000. I would, somewhat selfishly, hope that the economists of Bangladesh, particularly the next generation, would give more attention to these structural concerns and engage with me in the days ahead, in the task of addressing the issue of correcting structural injustices in Bangladesh.

Source: http://www.cpd-bangladesh.org 09/2001