

## **MAKING OF A NATION: BANGLADESH: AN ECONOMIST'S TALE**

*by Nurul Islam, Dhaka: University Press Limited, 2003  
pp. xix + 482, ISBN 984-05-1666-3*

Nurul Islam, a Professor of Economics, former Deputy Chairman of the Planning Commission from 1972 to 1975 and Emeritus Fellow of the International Food Policy Research Institute, adds his name to the growing list of politicians, scholars and diplomats who have attempted to provide future generations of Bangladeshis with an insider's perspective on the birth of Bangladesh. The book reviews the economic conflicts that led to the break-up of Pakistan, provides a critical insight into the administrative, economic and diplomatic issues faced by the Awami League Government from 1971 to 1975 and outlines the key economic decisions that were taken by the new Government that have continued to dominate the political debate in Bangladesh. The book concludes with a set of recommendations for dealing with problems of governance, economic reform and regional cooperation.

The book is divided into three parts. The first set of five chapters deals with the Pakistan period from 1947 to 1971. Islam begins with a detailed account of the origins of the two economies these developed by the then East Pakistani economists which declared that East and West Pakistan constituted two separate regions each with its own distinctive economy. Given the immobility of labour between East and West Pakistan and the high costs and time needed to transport commodities between the two regions, they insisted economic development in Pakistan would require a very high degree of regional autonomy. West Pakistani leaders, however, saw the argument as an attempt to lay the foundations for separatism and rejected the analysis. The issues raised by East Pakistan, however, came to dominate the economic debate in Pakistan for the next decade and contributed to the development of a growing sense of mistrust between the two regions. This deep sense of mistrust accelerated with the passage of time in the wake of the slow pace of economic growth in East Pakistan, inadequate resource allocations from the central Government and the absence of effective political representation.

Gradually, East Pakistanis came to see the disparity between East and West as a denial of their legitimate economic and political rights and demanded a radical restructuring of the rules that governed the Pakistani state. This restructuring took the form of the Six Point Programme, which demanded greater autonomy for East Pakistan. While the authorship of the Six Point Programme was unclear, argues Islam, it came to dominate the political discourse. Despite extensive negotiations, the author

insists, no compromise was possible. The result was a civil war, the break-up of Pakistan and the emergence of Bangladesh.

The eight chapters in part two represent the core of the book and deal with the critical economic problems confronting the Awami League Government that ruled Bangladesh from 1972 to 1975. These issues include the formation of a Planning Commission, the formulation of the First Five Year Plan, the nationalization of trade, industry, insurance and banking, the famine of 1974, the initiation of international aid, the sharing of Pakistan's debt liabilities, Indo-Bangladesh economic cooperation and an assessment of the successes and failures of the Awami League Government.

One of the earliest decisions of the new Awami League Government was to create a national Planning Commission for Bangladesh under the chairmanship of Sheikh Mujibur Rahman. Professor Nurul Islam was to serve as its Deputy Chairman. Although the new Planning Commission was designed to serve as the focal point for the formulation of economic policy, argues Islam, past traditions and attitudes made it impossible for the Commission to play its assigned role. In addition, the appointment of academic economists to run the Planning Commission created a variety of tensions. Ministers resented the Planning Commission's perceived usurpation of their authority and sought to bypass Commission policy, friction developed over questions of individual seniority and status and the Commission totally overestimated the persuasive impact of technical analysis in a political system dominated by patron-client relationships, patrimonialism and patronage. Although the authority of Sheikh Mujib could have compelled compliance with the Commission's edicts, the Prime Minister refused to intervene in disputes between the Commission and ministers and instructed the two to work out their differences through direct negotiations. In the wake of a growing political and economic crisis the authority of the Commission gradually eroded. By 1974 the Planning Commission had almost completely lost its authority in shaping the economic policies of the country.

From the very beginning the Planning Commission became involved in a wide array of controversial decisions. Its problems began with the publication of the country's First Five Year Plan. While the Commission insisted that the Plan presented a coherent set of social and economic objectives for the new nation, critics charged that the Plan was little more than a declaration of pious exaltations. The real problem, Islam insists, was the lack of political support for the Plan. In addition, he notes, the political leadership had a limited understanding of socialism and its policy implications and many Awami Leaguers had a weak commitment to socialist principles; the planners, on the other hand, made overly optimistic assumptions in drawing up the Plan and the members of the Planning Commission had an inadequate understanding of the importance of governance in the implementation of the Plan. As a result the Plan failed to achieve its objectives.

Among the most controversial decisions taken by the Awami League Government, argues Islam, was the decision to nationalize both Pakistani and Bangladeshi owned industries. The decision, he insists, was a product of a long series of Awami League political commitments over the years including the party's 1970 election manifesto. Although the cabinet was divided on the issue, Sheikh Mujib supported the policy of nationalization due to the party's past commitments, intense pressure from radical students, workers and leftist parties and the low political costs of alienating a weak and divided business community. Ironically, Professor Islam seems somewhat surprised at the long-term impact Awami League nationalization policies were to have on private sector investment behaviour. He seems baffled by the deep-seated sense of resentment, insecurity and mistrust that came to dominate Bengali business behaviour that resulted in a reluctance to invest in Bangladeshi industries long after the nationalization policies had come to an end despite similar reactions by industrialists in other countries in the region.

One of the most painful events of the Awami League era was the famine of 1974. While some of Islam's former colleagues on the Planning Commission have blamed the famine on the failure of the United States to provide timely food aid to Bangladesh, the author concedes that the Government of the day bore the brunt of the responsibility. However, he insists, there were a variety of contributing factors that led to the famine. These factors included rampant inflation, floods, speculation, smuggling and delays in the arrival of food aid.

Perhaps the most agonizing issue facing the new Bangladesh Government following the civil war was the decision to turn to the West for economic development assistance. Shortly after liberation, the Awami League leadership reluctantly came to the conclusion that India, the Union of Soviet Socialist Republic and other socialist countries were in no position to provide the necessary assistance required to rebuild the economy of Bangladesh. Proud, independent and inexperienced, however, the leadership of Bangladesh began its new aid relationship on a contentious note. The Government of Bangladesh refused to acquiesce to traditional World Bank procedures, chafed at the tone and tenor of the Bank's critique of its Five Year Plan, rejected the Bank's emphasis on providing greater scope to the private sector and was reluctant to come to grips with the issue of sharing Pakistan's debt liability. As the country's economic crisis deepened, however, the Bank's influence began to grow. Increasingly, Bangladesh became an aid-dependent country and Government success became judged by the level of international aid it was able to obtain.

The era of Awami League rule came to a crashing halt following the assassination of Sheikh Mujib and the collapse of his Government. Nurul Islam attributes the failure of Awami League rule to a lack of management and administrative experience, its limited base of political talent, the politicization of the army, the establishment of paramilitary forces, job insecurity in the civil service, the "perception of corruption", failure to explain the economic crisis, refusal of the elite to share

a degree of deprivation, internal divisions within the ruling party and the creation of Baksal. Since the author's focus is almost completely confined to economic issues, however, almost none of these factors receive much attention in the overall narrative.

Having reviewed the forces leading up to the break-up of united Pakistan and the economic issues faced by the new Government of Bangladesh, the author concludes with a series of prescriptive chapters that deal with the need to create a more effective decision-making structure for the country, the problems of economic liberalization, privatization, deregulation and globalization and the future of regional economic cooperation. Given the atmosphere of political polarization in Bangladesh, he concludes that it is difficult to see how effective solutions to the problems of governance, economic reform and regional cooperation can be found.

Overall, Nurul Islam's book is an attempt by a participant observer to provide a retrospective and impassionate and, at the same time, thoughtful and balanced analysis of the momentous political and economic events that have shaped the development of Bangladesh. In the context of today's Bangladesh this is a rare achievement. Even non-partisan critics, however, will be struck by the fact that the author tends to gloss over the problems created by the Awami League's wayward performance in government, the character and personality of key political figures and insights into the norms and values that have shaped Bangladeshi political behaviour over the years.

*Professor Emeritus  
Department of Political Science  
Pennsylvania State University  
United States of America*

*Stanley A. Kochanek*