

ISAS Brief

No. 93 – Date: 7 January 2009

469A Bukit Timah Road
#07-01, Tower Block, Singapore 259770
Tel: 6516 6179 / 6516 4239
Fax: 6776 7505 / 6314 5447
Email: isassecc@nus.edu.sg
Website: www.isas.nus.edu.sg



The Return of Democracy in Bangladesh: Can the New Government Deliver on its Promises?

M. Shahidul Islam*

The Awami League (AL)-led grand alliance's¹ sweeping victory in the 9th parliamentary elections witnessed the return of democratic rule in Bangladesh after nearly two years of an army-backed caretaker government. The grand alliance was expected to win the polls. However, its landslide victory stunned many Bangladeshis. Former Prime Minister Ms Khaleda Zia's Bangladesh Nationalist Party (BNP), once a mighty party, performed poorly in the national elections. With the return to democracy, there is now hope among the Bangladeshi people that the new government would fulfill their expectations. Ms Sheikh Hasina, the AL leader, who took the oath as Prime Minister on 6 January 2009, has a wonderful opportunity to determine the fortune of the nation. However, her government faces some key challenges in this regard.

This paper looks at the reasons for the Bangladeshi people voting overwhelmingly for the AL and its allies at the elections. At the same time, it assesses the new government's ability to deliver on its promises.

Why did the AL win so comprehensively?

Held on 29 December 2008, the elections witnessed an impressive voter turnout of 87 percent. The grand alliance won 262 seats, followed by the BNP-led four-party alliance, with 32 seats, and the independents winning five seats.² The AL alone secured 230 seats and received about 49 percent of the votes in the elections. On the other hand, the BNP secured 27 seats and received 33 percent votes.

There are several factors that accounted for the exceptional performance of the AL and its allies at the polls. The first is anti-incumbency. This is supported by the fact that the country has seen power alternating between the two *begums* since the fall of the military rule in 1990.

* Mr M. Shahidul Islam is a Research Associate at the Institute of South Asian Studies, an autonomous research institute at the National University of Singapore. He can be contacted at isasmsi@nus.edu.sg.

¹ The other major stakeholders of the grand alliance are Jatiya Party (Ershad), Bangladesh Workers Party and Jatiya Samajtantrik Dal.

² The National Parliament of Bangladesh consists of 300 seats. In the 9th parliamentary elections, candidates contested in 299 constituencies. The elections in the last constituency will be held on 12 January 2009.

During the BNP's five-year rule (2001-2006), Bangladesh witnessed a marked improvement in law and order. Furthermore, Ms Zia's recent term as Prime Minister saw an increase, albeit marginally, in the gross domestic product (GDP) growth rate, when compared to her predecessor's tenure.³ Despite these positives, why did the BNP government fare so badly at the elections? It is quite a common phenomenon in developing countries for sitting governments to lose elections despite having performed well in office. However, this routine explanation needs to be examined much more carefully. This brings us to the next set of points.

Breaking the traditional three to four percent GDP growth rate cycle, the Bangladesh economy grew at five to six percent annually since the fall of General Ershad's government in 1990. With a favourable external environment in recent times, the economy was expected to witness a seven percent-plus growth rate. Unfortunately, under the BNP government, this potential growth did not materialise.

It is widely believed that widespread corruption by Ms Zia's sons and her cronies⁴ is largely responsible for the less than expected growth in the country. Due to omnipresent corruption practices, the BNP government failed to deliver on basic infrastructure, notably electricity,⁵ when the economy badly needed the infrastructure to enter into the new phase of growth cycle.⁶ The elder son of the then-Prime Minister ran a parallel government from the BNP chairperson's party office, which was widely perceived to be an alternate centre of power and malpractices.⁷

The Anti-Corruption Commission that was reformed under the auspices of the caretaker government has chronicled the BNP's and the AL's corruption records. The AL is found to have a better record (less corrupt practices) as compared to the BNP.⁸ Even in the remote corners of the country, the people came to know of the BNP's corruption records, due largely to the massive growth of the media in Bangladesh in recent times. This factor made a significant difference in the results of the elections.

Furthermore, the incumbent caretaker administration's drive against corruption made the BNP organisationally weak and in a state of disarray – most of its leaders were either behind bars or out of the country to avoid the '*kangaroo*' trials. Though the leaders of the AL, including Ms Hasina, faced similar trials, the party was relatively less affected as compared to the BNP.

Moreover, the AL's and its allies' election campaign focused on key issues facing the country and the grand alliance reached out to new voters who found the alliance a harbinger of change. On the other hand, misreading the caretaker government's popularity amongst the

³ The average GDP growth rate under Ms Zia's recent tenure was 5.7 percent, whereas the economy grew, on average, by 5.35 percent annually under the premiership of Ms Hasina (1996-2001).

⁴ 'You shall reap as you sow', The Daily Star, 31 December 2008.

⁵ 'Ex-BNP Minister accuses alliance government of siphoning TK10,500 crore', The New Age, 5 November 2006.

⁶ According to World Bank estimates, the Bangladesh economy loses US\$1 billion annually due to unreliable electricity supply, which, in turns, results in a 0.5 percent reduction in its annual GDP. (Tamim and Gulen, "Perils of Bangladesh Energy Value Chain", Energy and Power, July 2004).

⁷ 'Khaleda shuns Hawa Bhaban', The Daily Star, 7 October 2008.

⁸ For details, please refer to the website of the Anti Corruption Commission, Bangladesh (<http://acc.org.bd/oct08.php>)

Bangladeshis, Ms Zia took a stance against the interim administration during the campaign trail.

Finally, Ms Zia was a reluctant participant in the polls. While the Election Commission and the whole country were gearing up for the polls, the BNP leaders were divided on opinion on their participation in the elections. By the time Ms Zia made up her mind to run for the elections, it was, in essence, too late for the BNP to organise itself for the elections and, more importantly, to reach out to the voters.

Can the AL deliver on its promises?

The new government is now in place. The pertinent question is whether the AL and its allies can deliver on their promises. The election manifesto of the AL, called ‘A Charter for Change’, promised to address five priority issues, inter alia. These are maintaining economic stability and controlling commodity price hikes in the face of global financial crisis; taking effective action against corruption; addressing the power and energy crisis; eliminating poverty and inequality; and establishing good governance.

The AL’s coming to power coincided with the collapse of commodity prices and the spread of a global recession. During the elections, most voters, of whom about 45 percent live below the poverty line, were asked about their expectations of the new government. Their answer was simple and straightforward – ensure cheaper food prices.⁹ Though price stability in the domestic market largely depends on the country’s food production, the recent collapse in commodity prices in the international markets will help the AL government to control the prices of essential items in the country.

However, as the financial crisis spreads to the real economies, the Bangladesh economy could face some downside risks, particularly to its macroeconomic stability. Bangladesh’s key macro variables, including exports and remittances – the two lifelines of the country’s external sector – have remained somewhat insulated from the financial crisis, at least for the time being.

Ms Hasina’s real test would be to tackle corruption which has been a longstanding problem for the country. She too has also been accused of corruption several times in the past. Though the fight against corruption is a difficult task for any government, Ms Hasina can learn some lessons from the price her predecessor paid for being accused of corruption and from the current caretaker government’s fight against this malaise. It would be unrealistic to expect Ms Hasina to rid the system entirely of corruption. However, her government would be seen as having achieved some success in this regard if it allows the Anti-Corruption Commission to work independently.

The new government is well aware of the importance of electricity generation as the economy has been reeling under the power crisis. The government needs a long-term energy policy which should incorporate the best utilisation of the country’s domestic gas resources, among others. Bangladesh’s energy security has to be linked to the country’s national security. The recent incursions by India and Myanmar in Bangladesh waters for the exploration of oil and gas are yet another reminder that Dhaka needs to take prudent policies on its energy and national security.

⁹ ‘Bangladesh’s Elections: The Tenacity of Hope’, The Economist, 30 December 2008.

The elimination of poverty and inequality is also a serious challenge for the new government. In the post-election news conference, Ms Hasina identified this challenge as the top-most priority for her government. In spite of modest economic growth, the country has had some success in alleviating poverty as well as minimising social indicator gaps. The Bangladesh economy grew at five to six percent per annum in the current decade despite poor governance, rampant general strikes and political instability. If the new government can address these issues, the country can achieve seven percent-plus GDP growth.

The fifth priority for the AL, according to its manifesto, is the establishment of good governance. The caretaker administration has done some good work in its efforts to ensure good governance in the country. Its efforts included the separation of the judiciary from the executive body of the government; constitution of the independent Election Commission and the Anti-Corruption Commission; formation of new laws to tackle corruption and ratification of the United Nations Convention against corruption; and greater efficiency in the country's major ports, among others. The new government has inherited the system from its predecessor. It should allow these institutions to function independently.

It would also be important for the new government to ensure good relations with its immediate neighbours, notably India. Historically, New Delhi sees the AL as its close ally. In the past, the AL had resolved some critical issues with India, particularly the Ganges water sharing dispute and the Chittagong Hill Track problem. Both Dhaka and New Delhi will need to resolve some key issues, including the trade imbalance, transit, the Asian highway route and terrorism.

In order to achieve its goals, the new government should carry forward some crucial reforms initiated by the incumbent caretaker government, apart from initiating its own sets of reforms. The BNP government's success in dealing with law and order, and environmental issues should also not be ignored. The new government's success or failure will also largely depend on its ability to bring the opposition, notably the BNP, to Parliament, as the country's politicians have a long history of spending much more time on the streets than in the national assembly.

Finally, the main opposition to the AL's efforts to implement its electoral manifesto would not come from the BNP or the other political forces. Rather, it would be the AL and its allies. Since its inception, the political history of Bangladesh – from the late Sheikh Mujibur Rahman to the recent past BNP government – points to the fact that absolute majority in Parliament alienate the incumbents from their electoral promises. If the new government can learn from past lessons, the overwhelming mandate is an opportunity to carry forward its economic policies and other reforms.

The AL and its allies have a historic opportunity to elevate the economy to a new phase of growth and to make a real change in the country. If the new government allows the country's institutions to function independently and it learns from the lessons of the past on the key challenges and issues, it is likely to deliver on its promises. However, the major downside risk in this regard would be the BNP's future political strategies.

oooOOOooo