

Bangabandhu, the 1972 Constitution, and the Idea of Democratic Socialism for Less Developed Countries

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Structure of Presentation

- Limited Relevance of Two Conventional Models
- The Idea of Democratic Socialism and Bangabandhu
- Seven Markers of Democratic Socialism

Limited Relevance of Two Conventional Models

Two Conventional Models of Welfare State and an Alternative Approach

- **Model-1: State Socialism**
- **Model-2: Social-democratic Capitalism**
- **Model-3 (Alternative Model): Democratic Socialism for Less Developed Countries**

Approach and Scope

- First we shall discuss the limitations of the conventional models—state-socialism and social-democratic capitalism both in their historical practices and in terms of their applicability.
- Then we shall discuss the advantages and disadvantages of democratic socialism as a feasible alternative to **political capitalism** (Bowles and Gintis 1986; Milanovic 2019) and **populist governmentality** (Chatterjee 2019) that is being currently pursued.
- Bangabandhu’s seminal ideas and the basic tenets of 1972 Constitution can be seen as Southern innovation and can form a basis for articulating the **idea of democratic socialism for less developed countries** (Harrington 1989; Sen 2022; Mahmud 2022; Sobhan 2023; Sen 2023).

Model-1: State Socialism (Economic Characteristics)

- Centrally planned economy (the model worked well in war-time situations, but malfunctioned in peaceful times notwithstanding sporadic economic reform attempts; marked by information asymmetry, allocative inefficiency, long-run decline in productivity, and “shortage economy”)
- Near-total absence of private entrepreneurship in modern sector.
- Complete or partial neglect of market mechanism and incentive structure leading to the long-run decline in TFP.
- State monopoly went beyond the ambit of natural monopolies i.e. became inefficient monopolies; limited FDI flows and inward-orientation in the context of cold war contributed to growth slow-down in the late 1970s.
- Notwithstanding declining TFP, the level of social development and basic living standards were maintained by exploiting the natural resource rents.

Model-1: State Socialism (Social Characteristics)

- However, there were positive social and redistributive lessons of state socialism, including its international demonstrative effects
- Subsidized and universal access to preventive and curative healthcare, including **tertiary healthcare**
- Subsidized and universal education, including **higher education**
- **Subsidized transport**, especially everyday commuting facilities
- **Subsidized housing** (through rationing of housing due to under-supply)
- **Highly skilled labor force**, including development of flexible labor skills, through widespread access to vocational training, second-chance schooling, and evening schooling
- Very high female work force participation rate, gender parity in schooling, **high degree of female economic and social empowerment**
- **Relatively low poverty and low inequality**
- Relatively low inter-ethnic inequality
- High **intergenerational income, occupational, and social mobility**

Model-1: State Socialism (Political Characteristics)

- However, the state-socialist system broke down not due to economic mismanagement, but due to basic misunderstanding of the economic and political sequencing of reforms (contrast Deng with Gorbachev).
- Total or near-total absence of representative democracy/ presence of autocracy (lack of multiparty electoral system)
- Limited participatory economic democracy in a party-controlled setting such as trade unions, enterprise, and lowest economic units such as collective farms
- Lack of freedom of expression: absence of state-independent media
- This was true of all state-socialist countries such as USSR and the East European Block; **also true of market-friendly state-socialist countries such as China and Vietnam.**
- **“Without freedom of expression, the soul of men becomes dry like a stone”** (Bangabandhu: New China as I Saw it)

Summary of the State-Socialism Model-1

- It was economically unsustainable in the long-run without sustained technological progress: initially mass mobilization strategy and the model of “commanding heights in the strategic sector” worked, but labor productivity declined subsequently once diminishing returns to overaccumulation of capital set in (as predicted by the Solow model without technological progress).
- Kornai (1992) and Stiglitz (1995) cited the rise of the “shortage economy” in all East European countries owing to the endemic problems of coordination failure, information asymmetry, and lack of individual incentives.
- Role of market as mechanism for allocating resources and the role of private sector were completely ignored in all post-NEP state-socialist ideologies till Deng changed the course in China.

Summary of the State-Socialism Model-2

- **Three gaps in conventional socialist thinking:**
- **Ignoring the role of market:** Market still remains an anathema, an enigma and a taboo subject in conventional Marxist/ Leftist orthodoxy.
- **Ignoring the role of representative democracy:** Freedom associated with representative democracy is intrinsically valuable as an end in itself. It creates the most favourable condition for the practice of public reason (Amartya Sen) and communicative action (Habermas). Democracy or the liberty principle is not a means to acquire better distribution (Rawlsian primary goods); it enabler of creative capability. That negates the legitimacy of the approach that highlights “development first, democracy later” drawing on the lesson of East Asia.
- **Ignoring the role of communitarianism:** Paradoxically, the “commune” is lost from the “communist” practices. Rather than encouraging the gradual withering away of the power of the state and emphasizing the deepening of decentralized communitarianism, the state apparatus became overdeveloped, omnipresent, and stifled local innovations and initiatives. Hence, the term of “bureaucratic socialism” (Gavriil Papov) gained currency.

Model-2: Social-Democratic Capitalism (Economic Characteristics)

- Social-democratic capitalism offers a viable alternative to state-socialist system. But this is so only on the first glance. A deeper understanding of the model reveals its limited applicability of this otherwise attractive approach in relation to less developed countries.
- Attractiveness lies in the vibrancy of economic capitalism combined with negotiated class-contract between capitalist class and labouring class for reaching at periodic revisions of market wages and working conditions.
- Attractiveness lies in high welfare and equity: Low poverty; low income inequality;

Model-2: Social-Democratic Capitalism (Social Characteristics)

- Attractiveness also lies in the smooth functioning of the Welfare State (here reference is made to Canada; the benefits would be higher for Nordic countries).
- Generous unemployment benefits (up to 48 weeks extendable to another 15 weeks on medical ground).
- Generous maternity leave with pay up to one year and paternal leave up to six months.
- Universal health care coverage (except dental coverage). The dental coverage is only fully covered for population up to age 18 and for those living on welfare grants.
- Subsidized and universal education (free education up to higher secondary level; 50-60% subsidization for higher education).
- Subsidized transport in selected areas for senior citizens.
- Subsidized housing for low-income people and people on welfare.

Model-2: Social-Democratic Capitalism (Political Characteristics)

- Developed **representative democracy with multiple systems of accountability.**
- **Strong role for sub-national and local governments** in addressing citizen needs.
- However, V-Dem index trends suggest **deterioration in the Liberal Democracy index** in most of the developed democracies. This is expressed in the rise of racial intolerance; **migrant phobia**; power of military industrial complex and the growing **Natofication** of Europe; **decline of media freedom** (with reference to the Ukraine crisis and genocide in Gaza); and right-wing populism.
- **“Surveillance capitalism’ is a growing problem** in all social-democratic settings. **George Orwell’s Animal Farm was a critique of state-socialism, while his 1984 was a critique surveillance capitalism.**
- A large literature on the decline of (political) social democracy in the West (Foucault 1979; Chatterjee 2019; Luce 2017; Mounk and Foa 2018; Runciman 2018; Snyder 2018; Wolin 2016; Zakaria 2007; Levitsky and Ziblatt 2018; Diamond 2008, 2015; Fekete 2018; Bardhan 2017, 2020; see, Sen 2020 for a summary of the retreat of democracy in the developed West)

Summary of the Social-Democratic Capitalism Model

- The Key to the success of Social Democratic Capitalism is the combination of traits of liberal free-market capitalism (Norway is a partial exception due to a large number of SOEs and state ownership in publicly listed firms) with a significant redistribution of income through massive tax and transfer system. This led to an emergence of sustainable Redistributive State and the crux of the Scandinavian model.
- First, the level of per capita income is much, much higher in Nordic countries (ranging from USD 60210 to USD 83190 in current dollar) compared to USD 2570 in 2021 as per WDI data.
- Second, Tax-GDP ratio in Nordic countries ranges from 25% to 35% while in Bangladesh it is still in 7-8% in 2021.
- Third, Government consumption-GDP ratio in Nordic countries ranges from 23 to 26% in 2021 compared to 6% in Bangladesh.
- Fourth, all the Nordic countries use proportional representation in their electoral system; a sizable share employed by the public sector; and a corporatist system with a high percentage of the unionized workforce.

Can Bangladesh follow the Model of Social-Democratic Capitalism? (1)

- It is **difficult to follow the footsteps of the Social-Democratic Capitalism model** for countries like Bangladesh at the present stage of development. This was realized by Bangabandhu and his close political and intellectual circle early on while constructing a vision of democratic socialism through the 1972 Constitution.
- First, **we are talking about a very high-income setting**, a level of opulence that was achieved by the social-democratic countries of the West over a very long period of industrial revolution that lasted more than 100 years.
- Second, **we are talking about high taxing and spending state—redistributive state—which is not fiscally affordable for developing countries like Bangladesh** beset with short-term exigencies and medium-term infrastructure-building needs. We have to go beyond the tax-financing (off-budget) instrument to support our investment needs through FDIs and NGOs (apart from seeking low-cost solutions such as ORS and vaccination).

Can Bangladesh follow the Model of Social-Democratic Capitalism? (2)

- There are other contextual (cultural) differences between advanced social democracy and the low-income post-colonial countries like Bangladesh. For instance, relatively **low initial inequality** in the Nordic countries was an outcome of relatively egalitarian agrarian (land-ownership) structure in the late feudalism compared to Western and Southern Europe (a fact often overlooked in the literature). The Gini index for the Nordic countries range from 0.25 to 0.28 (it remained stable throughout the 20th century), while the OECD average is 0.31, UK is 0.35 and US is 0.39. In contrast, income inequality in Bangladesh and India is in order of 0.50 and above.
- There are also hidden roles of traditional communitarian organizations (peasant republics) at play in Nordic countries imbibed with a cultural combination of pre-Christian and Christian ethics.
- The Nordic countries are small and more ethnically and culturally homogeneous compared to most developed countries of Europe and North America (not to mention the acute ethnic fragmentation in Africa and Asia) leading to a fairly high level of nationwide trust and cooperation, and a willingness to pay higher-than-average levels of tax.

Can Bangladesh follow the Model of Social-Democratic Capitalism? (3)

- For these reasons the Nordic model cannot be simply exported to other contexts, though there are lessons to be learnt from there. **For all the attractiveness, the social-democratic capitalism model cannot be the beacon of progress for Bangladesh type of low and lower-middle income agrarian economies.**
- Similarly, Bangladesh type of agrarian economies (still 40% of its labour force engaged in agriculture) cannot follow the Commanding Heights model espoused by the centrally planned economies with fairly developed industrial structure and richly endowed with natural resources. **The state-socialism with the neglect of market and attendant private initiatives cannot be a practical way-out either.**

The Idea of Democratic Socialism and Bangabandhu

International Context of Democratic Socialism (1)

- There are many ideas that influenced the model of democratic socialism. We shall highlight some of the most prominent ones.
- Three ideas of Marx played a crucial role: (a) Socialism is to be conceived as the “Association of Free and Equal Producers” and the idea of “gradual withering away of the state” (meaning coercive power of the state); (b) Marx on intrinsic value of critical reasoning (“subject everyone and everything to remorseless critical scrutiny”), which implies a vibrant society based on public reason; (c) Marx’s idea of alienation and alienated society setting a reminder to the risks of authoritarianism. Marx used the term dictatorship of proletariat twice, once in a letter to Kugelmann, another in an unpublished piece in the Critique of the Gotha Programme (Khan 2020).

International Context of Democratic Socialism (2)

- Critical significance of Erfurt Programme adopted by the Social Democratic Party of Germany in 1891 (Sassion 2010). It formed the core demand of the 2nd International (including Scandinavian socialists who exited from it) and subsequently constituted the point of departure for the Democratic Socialism model.
- Section 1 of the Erfurt programme was entitled the Reform of the State and it stated:
 - “1. The Constitution: universal adult (including female suffrage) suffrage under proportional representation, the right to referendum, the election of judges, the separation of church and state especially in education, Parliamentary control over foreign policy.
 - 2. The Bill of Rights: devolution of power, a citizen army, freedom of association and opinion, repeal of all laws discriminating against women, equal rights.

International Context of Democratic Socialism (3)

- 3 The Welfare State: legal aid, a free medical service, free burial, free education for at all levels, including higher education. All of this to be paid for by graduated income and property taxes, and death duties. Abolition of all indirect taxes.”
- This is the first time that the term “welfare state” was used in the literature.
- Clearly, democracy (freedom) and socialism (social justice) both the ingredients were integrated in the Erfurt programme. It was written by Karl Kautsky and Eduard Bernstein, but the text was scrutinized by Friedrich Engels.

International Context of Democratic Socialism (4)

- Apart from the SDP roots of democratic socialism, we must mention the influential tradition of **John Stuart Mill especially his unfinished posthumous piece on Socialism** where he emphasized the idea of gradual social transformation from free-market capitalism to democratic socialism:
- “An entire renovation of the social fabric, such as is contemplated by socialism, establishing the economic constitution of society upon an entirely new basis, other than that of private property and competition, however valuable as an ideal, and even as a prophecy of ultimate possibilities, is not available as a present resource, since it requires from those who are to carry on the new order of things qualities both moral and intellectual”

International Context of Democratic Socialism (5)

- Marx, Mill, and Erfurt Programme left the market question and the role of private entrepreneurship in a socialist framework unanswered. Marx's silence on the market question, despite his cautionary remarks on the birth-marks of capitalism in a socialist society, influenced a whole tradition of non-market administrative practices with emphasis on planned allocation under a centralized bureaucratic model. Any mention of commodity-monetary relations was interpreted as signs of right deviation.
- New Economic Policy (NEP) initiated by Lenin made the first theoretical departure from the centralized bureaucratic tendency. NEP later served as the argument for successful market-oriented reforms in China under Deng Xiaoping. It may be noted that NEP was invoked as an argument in favour of sporadic market-centric reform attempts in Hungary (under Imre Nagy), Poland ("the Polish way of socialism" under Wladyslaw Gomulka), Czechoslovakia (during the "Prague spring" under Alexander Dubcek), and USSR (during the Perestroika under Mikhail Gorbachev).

International Context of Democratic Socialism (4)

- In all of these attempts to redefine state-socialism the emphasis was on market-incentives and democracy. Primacy was given to market-oriented reforms (NEP) as well as democratic practices (Glasnost). However, the outcome was different in each case depending on the factors of prevailing domestic and international political economy. Reform attempts were short-lived.
- Nevertheless, these reform attempts showed valuable lessons. In particular, it indicated the limits to growth and development under the state-socialism model. It under-performed both as an economic system and as an arrangement of political governance.

Democratic Socialism for Less Developed Countries

- Previous discussions focused on the international context of democratic socialism. There is, however, no unique way of defining the model of democratic socialism. As Schumpeter remarked, “each country has its own socialism”. It is in this context the ideas of Bangabandhu and his close political and intellectual circle—as crystalized in the 1972 constitution--become an important theoretical platform for rejuvenating the case for democratic socialism.
- It may be mentioned that influences came from diverse local literary and cultural sources as well. As discussed in Sen (2023), Bengal in particular have had rich traditions of democratic socialism. Ideas of Bankim Chandra Chatterjee, Rabindranath Tagore, Nazrul Islam, Pramatha Chaudhuri, Kazi Abdul Wadud and others played an important role in shaping the contours of democratic socialism in Bangladesh.

Lived Experience and Theoretical Articulation

- Bangabandhu was not a formally trained theoretician, but he had an uncanny sense of political and economic realities. Early exposure to democracy-failure in Pakistan and social injustice during the pre-Pakistan and Pakistan periods gave him the perspective of lived experience of everyday exploitation faced by the ordinary people.
- His visit to China in 1952 also solidified his convictions about combining democracy with socialism. His speeches at the Pakistan Parliament expressed anti-Feudal sentiments. He was acutely aware of inter-wing economic disparity that led to his articulation of the basic idea of Six-Points. His experience led him to take active stance on curbing the influence of the monopoly class (the so-called 22 families) and crony capitalism that grew under the Ayub regime in the 1960s

Sustained Commitments to Democratic Socialism-1

- After Hossain Shahid Suhrawardy's death in 1963, the Awami League was rejuvenated in 1964 under Bangabandhu's leadership. He assembled around him a new set of like-minded leaders like Tajuddin Ahmad, Syed Nazrul Islam, Mansur Ali, and Kamal Hossain.
- Commitments to democratic socialism—expressed in the anti-feudal and anti-monopolist sentiments—did not negate the role of market forces and private entrepreneurship. It specifically called for the development of small and medium enterprises.
- Bangabandhu was in favour of nationalization which was a long-standing demand since 1954, especially in large industries where non-Bengali capital traditionally dominated. But Bangabandhu was more open minded on the issue of large Bengali industrial capital and was reluctant to nationalize the Bengali-owned enterprises in 1972 (as narrated to the present author by Rehman Sobhan).

Sustained Commitments to Democratic Socialism-2

- The term “democratic socialism” was not used directly by Bangabandhu or anyone in his close circle, nor it was used in the 1972 Constitution. The term “mixed economy” was not used in the prevailing discourse either. But the spirit of democratic socialism can be traced very clearly.
- Commitment to democratic socialism was expressed in the Programme of AL (resolution as of 6 June 1970) in the following manner: “All Pakistan AL announced its programme of eradicating monopoly capitalism, feudalism, zamindari, *jaigirdari* and *sardari* systems on the basis of socialism within a democratic framework while taking steps towards building equitable economy and upholding human dignity and welfare”.
- Commitment to socialism as well as non-communalism was clearly mentioned in the 1970 Election Manifesto: “People’s ownership would be established over the key sectors of the national economy through nationalization of big businesses including banks and insurance companies...Although the private sector will have its due role to play, the monopolism in all spheres will have to be eradicated...We believe that it is possible to achieve a socially revolutionary transformation through constitutional means. It is possible to construct a socialist economic system free from wrong-doings, injustice and exploitation.”

Sustained Commitments to Democratic Socialism-3

- The 1972 Constitution mentioned socialism in the Article 10 (“A socialist economic system shall be established with a view to ensuring the attainment of a just and egalitarian society, free from the exploitation of man by man”); Article 19 (with emphasis on “equality of opportunity”); Article 20 (with emphasis on “equality of outcomes”); Article 14 (with emphasis on protecting the “toiling masses, the peasants and workers and backward sections from all forms of exploitation”).
- All these objectives will be achieved through a combination of 3 forms of ownership (state, cooperative, and private) on the means of production as well as through the combination of market and planning.
- The idea of cooperatives was further explored in the context of BAKSAL.

Sustained Commitments to Democratic Socialism-4

- What explains this sustained commitment to democratic socialism (“socialism as we shall practice in Bangladesh” as aptly replied by Bangabandhu to a question “what do you mean by socialism”)?
- Kamal Hossain: “The political discourse in the late Fifties and Sixties gave importance to political freedom but emphasized that such freedom would not lead to concentration of economic power in the hands of a privileged elite.”
- Article 15 represents the central

Sustained Commitments to Democratic Socialism-5

- What explains this sustained commitment to democratic socialism (“socialism as we shall practice in Bangladesh” as aptly replied by Bangabandhu to a question “what do you mean by socialism”)?
- Kamal Hossain: “The political discourse in the late Fifties and Sixties gave importance to political freedom but emphasized that such freedom would not lead to concentration of economic power in the hands of a privileged elite.”
- Article 15 represents the central idea of welfare state embedded in democratic socialism with emphasis on state responsibility, planned economic growth, constant increase in productive forces, steady improvement of material and cultural standard of living, including the provision of basic necessities, right to work, right to reasonable rest, and right to social security.

Seven Markers of Democratic Socialism

7 Characteristics of Democratic Socialism (1)

- Bangabandhu's democratic socialism clearly spelt out in the preamble:
- “It shall be a fundamental aim of the State to **realise through the democratic process a socialist society**, free from exploitation a society in which the **rule of law, fundamental human rights and freedom, equality and justice, political, economic, and social**, will be secured for all citizens.”
- Bangabandhu's idea of democratic socialism, therefore, gives equal importance to democracy and social justice

7 Characteristics of Democratic Socialism (2)

- Mixed economy (state, collective and private ownership)
- Economic Pragmatism
- Stance against Monopoly Capital and Crony Capitalism
- Equality of Opportunity and Equality of Outcomes
- Removal of all forms of exploitation
- Radical non-alignment in the context of geo-political consideration
- Gradualism (thinking development “in stages” depending on the objective situation)
- There are practical aspects of political economy that stand in the way of implementing the idea of democratic socialism (Sobhan 2023).

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