

Political Regime and Sustainable Development: A Comparative Analysis of Muslim Countries

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Abstract: *This paper examines the interrelationship between regime type and development. It argues that proper resource utilization through investment in a stable environment constitutes the vital element of growth, which in turn, can be translated into materializing human development based on longevity, literacy and real purchasing power. Apart from the type of the regime, the ideological commitment also has a bearing on regime performance. A comparative study of six Muslim countries from three regions suggests that political stability in concomitant with dynamism, flexibility, and continuity of appropriate and effective policies play a vital role in regime performance. The most important observation is the role of a stable democratic regime in ensuring a sustainable development based on a balance between economic and political democracy. It appears that an authoritarian regime can survive only with faster rate of growth while a regime with reasonable degree of economic and political democracy can survive even with a moderately lower but sustainable rate of growth.*

Economic development is a multi-faceted concept. Historical experiences on development suggest that there are different paths to development.¹ Depending on the paths followed, different countries took different length of time to reach the same stage of development. In addition, the nature and pattern of development achieved by different types of regime appears to be unique.² The type of development that emerged in the recent decades out of the experiences of some countries appears to be diverse. This diverse nature of development, evolved during the last few decades, seems to be very closely linked to the political ideology of the regime. This, in turn, appears to be the resultant effect of the entire gamut of multiplicity of forces interacting in diverse circumstances. These dynamic forces are subject to continuous changes.

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As such, no common set of preconditions, economic, political, social, cultural, ethical and moral, can be identified with a particular form of regime that is instrumental for successful development performance.

To measure “development” that takes care of a total human personality is not an easy task. The attempt in the past to limit this concept to fulfill the biological needs of an individual proved to be unsatisfactory. The biological needs fail to take cognizance of the socio-cultural, ethical, moral and spiritual needs of human beings that are not easily quantifiably linked with economic growth. So, a comprehensive development must have both a growth and non-growth aspects. While the latter includes qualitative aspect such as welfare, equality, freedom and participation. The former is concerned only with the quantifiable aspect of change in terms of having access to a basket of certain goods and services required to satisfy the biological needs. The empirical evidence suggests that both qualitative and quantitative aspects are very much inter-woven. To fulfill the quantitatively measurable physical needs to attain psychological comforts, man must also enjoy some basic human rights to life, liberty, equality and the ability to contribute to uplift the moral standards of society. This study analyzes the complex nature and relationship between economic and non-economic forces that promote or hinder human-centered development.

A Framework for Development and Regime Type

Development has been defined in many ways. Development based on quantitatively measurable variable i.e., growth along with qualitatively measurable institutional changes can be looked at both from positive or secular dimension, on the one hand, and normative or ethical dimension, on the other. This explains why the social scientists and philosophers tend to shift emphasis from mere biological needs to humane aspects that include freedom of expression, self-esteem and respect for human life, among others.

In this regard, Sen’s concern for the linkage between the absence of freedom of expression and poverty as a phenomenon of mal- or underdevelopment added a new dimension to conceptualizing development economics.³ According to Sen, without freedom of expression the interest of the poor will always remain unheard of and by-passed. The right of a person to establish his entitlement to food even for his mere survival is what Sen calls as positive aspect of freedom. The right of a person to criticize and protect oneself against the processes of exploitation prevalent in the society constitutes the negative aspect of freedom. The positive aspect must precede the

negative aspect of human freedom. One significant way of promoting freedom, as Moḥammad Yunus, the founder of the Grameen Bank, argues, is to empower the less-privileged with capital through micro-finance as a part of human rights.⁴ This empowerment comes through the expansion of opportunities, entitlements and enhancing capabilities by appropriate institutions in the private, public and the voluntary sectors in the context of a market economy. Scholars argue to include ethical considerations as determinants of development. The concern for ethical considerations of what is right and what is wrong is the major element that distinguishes value-loaded (human-centered) development from value-free (capital-centered) development. So, there exists inter-relationship between freedom-related development and value-related development since both are human-centered.

The process of development which focuses on capital accumulation alone may fail to promote the cause of value-related development supported by freedom of expression, self-esteem and human dignity - all of which are the essential elements of human rights as well. This type of capital-centered-development may, in turn, contribute to widening the gap between the pure growth aspect and its humane aspect. Thus, the space of growth between these two aspects needs a balance in the absence of which one will be adversely affected by the other.

That the imbalance between economic aspect and humane aspect of growth brings socio-political and cultural conflicts and violent changes becomes evident from the frustrated development decades of 1970s through the 1980s. During the last three decades, the mis-match between the economic aspects of growth (reflecting material well-being and political aspects of growth reflecting the right to express views, the right to elect a government as well as to participate in the decision-making process to bring changes in material well-being) is found to be associated with social and political violence as experienced by a number of countries in Africa, Latin America, West Asia and East Asia. These countries, despite diversities, experienced fast growth in material well being but a very slow or stagnant growth in freedom or value-related development.

The above observation suggests that the relationship between economic development and political development is very close. Economic and political freedom supplements and complements each other. To help the market function properly, the government is expected to perform allocative, productive, distributive and budget coordination functions effectively.⁵

To examine development performance from the above stated perspectives we will use human development index (HDI) together with annual average growth rate, per capita income based on purchasing power parity and physical quality of life index as used earlier.⁶ Developed by UNDP, the HDI takes account of both the positive as well as negative elements of freedom as emphasized by Sen. The three components of HDI, namely, life expectancy, literacy and real GDP per capita in purchasing power parity dollars cover three basic dimensions of human-centered development - longevity, knowledge and a decent standard of living.

The development performance, as argued above, is related to political regimes. The regime type meaning system of administration differs both in nature and pattern from one country to another. Since the Second World War, two distinct systems of administration has emerged. One is democratic with multi-party system prevalent in most of the early industrializing capitalist countries and the other, authoritarian, in the socialist including some mixed economies with single party or dominant party system. The later type cares neither for accountability nor for legitimacy particularly in the short-run. Subsequently, such regimes would see legitimacy through state-managed election or by co-opting well-recognized technocrats and scholars in the administrative hierarchy.⁷

Most of the developing countries, which are also the late starters in development are characterized by authoritarianism or semi-democratic regimes until the onset of "the waves of democracy" in the mid-1980s.⁸ The authoritarian regime may take many forms.⁹ The Authoritarian Developmentalist Regimes (AD-Regime) are found to be capable of combining the promotion of growth with the promotion of welfare objectives.¹⁰ It is assumed that AD regime can pursue development strategy based on redistributive reform policies that can work against the vested elite interests. However, there is a deviant type of AD regime known as Authoritarian State Elite Enrichment Regime (ASEE-Regime) that promotes neither growth nor welfare but rules primarily to serve the self-enrichment of the governing elite. This regime has high human and social cost. Conversely, a dictatorial regime can be benevolent in terms of materializing the objectives of enhancing the welfare of the masses through radical reform measures.

Like authoritarian types, the democratic regime also varies depending on the degree of competition among different political actors operating in the system. The democratic regimes with positive effect on welfare and negative effect on growth may have low human and social

cost.¹¹ The higher the degree of competition, the better the type of democracy. On this basis, it is argued that the highly competitive industrialized West is more democratic than semi-competitive democracies found in Latin America, Asia and Africa.

Fidel Ramos, the former President of the Philippines, argues that economic growth may begin with democracy but democracy is possible only under the market economy, which helps create the private realm called civil society that enables political and social freedom to flourish.¹⁷ In turn, democracy consolidates development. The self-worth that it nurtures in people sustains civil society and liberates the entrepreneurial spirit. But Kim Doe Jung, the South Korean president, feels more strongly about democracy without which genuine market economy cannot flourish.¹⁸ It has been observed that although markets can deliver growth with or without democracy but democracy without markets is unlikely to promote significant improvement in economic welfare of the nation.¹⁹ Kim also thinks that growth achieved under political repression and market distortion is neither sound nor sustainable. In Kim's view, by redirecting scarce resources into a few targeted areas, and suppressing social conflicts, authoritarian rule may appear very effective in the short-run. But behind the shadow of rapid growth are moral hazard, bureaucratic rigidity and political cronyism.²⁰ The problem of inequality between regions, classes and industries also becomes more serious. He thinks the so-called "Asian way" of prosperity before freedom is the cause of crisis. Sen and others concur that the 1997 crisis in South East Asia brings out the penalty of undemocratic governance. The ills are often said to include cronyism, graft and lack of transparency. Even through some democracies are corrupt, like India, there are authoritarian countries like Singapore that are honest and efficient.²¹

Given the unique political, historical, socio-cultural and economic background of the Muslim countries, three distinct varieties of regimes are found to function:¹² monarchies in the Arab world; authoritarian pluralism mostly in Africa and South Asia; and, dominant party democracies in the South East Asian region. This third variety is characterized by long period of ruling by a single party with the backing of weaker coalition partners, an interventionist state, a strong central bureaucracy and management of political affairs by conciliation and consensus building (often referred to as consociational system).

It appears that recent socio-political uprisings as in Southeast Asia brought about by economic factors such as prosperity followed by crisis,

are likely to increase political demands that challenge the monopolization of political as well as economic interest by the privileged. The events in Thailand from 1957 to 1973 followed by those from South Korea, Taiwan and most recently Indonesia in particular and Malaysia to a certain extent seem to suggest that the authoritarian pluralist and the dominant party democratic regimes are transitional in nature.¹³

The Six Muslim Countries

The framework outlining the relationship between political regime and development is applied to a group of six Muslim countries - two from each of the three regions namely, East Asia, South Asia and Africa. These countries are selected from among 47 Muslim majority countries for which detailed information on various aspects of freedom is available.¹⁴

The six countries share commonalities in terms of religion, colonial status and agro-based economy. They are also the late-starters in development. However, Pakistan embarked on development as a sovereign nation in 1947 at least a decade earlier than the rest. Bangladesh gained independence in 1970 and thus started development as a sovereign nation much later than the rest. There also exist geographical and historical links such as Indonesia with Malaysia, Pakistan with Bangladesh or erstwhile East Pakistan and Nigeria with Mali.

As for the relationship, if any, between resource endowments and regime performance, with the exception of Bangladesh, the remaining five countries are endowed with relatively abundant natural and mineral resources measured by land availability and mineral deposits. In terms of colonial legacy, Mali was ruled by French, Indonesia by the Dutch and the remaining four by the British. The status of the colonial power is also relevant here. This is because historically speaking the British colonies are more likely to be democratically oriented than the non-British colonies. So, the countries under study reflect regional, historical, and colonial as well as economic and socio-cultural commonalities and diversities.

The six countries can be categorized differently depending upon the basis of classification used. Based on the three attributes of political development: democracy, freedom, and human rights used to generate a composite measure of political liberty,¹⁵ the six countries under study are classified into various regime types. During mid-1980s, Bangladesh, Indonesia and Malaysia were grouped under “median liberty” class and

Mali, Nigeria and Pakistan were classified as “politically repressed countries” (PRCs).¹⁶ Judged by the criteria of economic development based on physical quality of life index (PQLI) and political democracy, the latter three fall into the category of “authoritarian government” while the former three under “semi-competitive democracy.” Judged by the criteria of development using PQLI vs. freedom, with the sole exception of Mali being a “not free” country, all the rest belonged to the category of “partly free.” Using growth proxied by disparity reduction ratio (DRR) vs. democracy, the three politically repressed countries also fall under the category of authoritarian regimes while the remaining three under median liberty belonged to semi-competitive democracy. Most interestingly, on the basis of growth proxied by DRR vs. human rights, all the countries under study except Nigeria were identified as major violators of human rights in mid-1980s. Nigeria despite being one of the authoritarian regimes under Buhari-Babangida administration in mid-1980s is enlisted among those few countries that followed the rule of law in ensuring human rights.

Linkage between Economic Factors and Development

Based on GNP per capita (GNPPC) in US dollars in the early part of 1970s (See col. 1, Table 1), used as a proxy for initial condition, the four low-income countries - Bangladesh (with 80), Mali (80), Pakistan (130) and Indonesia (110) - can be placed more or less at the same level of development. Using the same criterion, Nigeria and Malaysia belonged to a higher stage of development. Toward mid-1980s (see col.3), excepting Bangladesh and Mali, the condition of the remaining four countries improved significantly. Of these four, Indonesia, Malaysia and Nigeria did even better in terms of GNPPC because of increased oil-revenues through export – earnings. Two decades later i.e., in mid-1990s, the condition of all except Nigeria improved (col. 4) although very significantly for Indonesia and Malaysia and moderately for Bangladesh, Mali and Pakistan. Nigeria's condition worsened and she joined the rank of low income economies (row 5, col. 8).

Judged by the economic performance in terms of annual average growth of GNPPC during 1965-86 (col. 7), Malaysia and Indonesia belonged to a high performing categories with the growth rate varying from 4.3 to 4.6 per annum. Nigeria despite enjoying income nearly double that of Pakistan (cols. 3 & 7, rows 3 & 5) could not even catch up with medium-performing Pakistan in terms of growth rate. The two very low-income countries - Bangladesh and Mali - fall within the category of poor growth. On the whole, it appears that there exists

positive relationship between the level of development, proxied by the level of GNPPC, and the economic performance measured by the growth rate of GNPPC. The only exception is Bangladesh that experienced worst economic and political instability caused by the freedom movement, nationalization of assets left by the non-Bengali entrepreneurs and investors from West Pakistan and complete breakdown in the rule of law after independence in December 1971.

The relationship between the stage of development based on GNPPC and the degree of economic performance measured by real annual growth rate of GNPPC alters quite significantly in favour of Nigeria when the period of reference is confined to 1970-1979.²⁶ It appears that during 1970s, Malaysia (with 5.4 growth rate), Nigeria (with 5.3) and Indonesia (with 4.6) performed equally well. Oil price hike of 1973 might have also contributed to this. Of the remaining three oil-importing countries, Mali (with 2.5) did better than Pakistan (1.5) and Bangladesh (0.80). Therefore, given the stage of development, resource endowments together with favourable prices of commodities in world markets also contributed to the better performance of developing countries.

The growth rate in GNPPC as an indicator of level of development may not necessarily reflect an improvement in another indicator of development i.e., physical quality of life index (PQLI) measured by averaging three indices - life expectancy, infant mortality and literacy.²⁷ These indices are crucial for the right and the desire to live longer, without at the same time not being exploited as a result of ignorance. The PQLI, as such, is a better measure of welfare in the sense that it is concerned with basic universal human needs rather than with mere technological growth. In terms of PQLI, toward mid-1980s, Malaysia with the index value of 78 performed best followed by Indonesia (55). Of the remaining four countries, Bangladesh and Pakistan (with 37), despite having lower income, performed better than Nigeria. Mali (with 19), despite similar GNPPC, performed worse than Bangladesh.

Of all the indicators, the easy access to redistributive social services like health and education seem to be instrumental in ensuring better quality of life. This suggests that the development of appropriate institutions for providing social services does substantiate the better performance of two low-income south Asian countries of Pakistan and Bangladesh as opposed to two African countries i.e., Nigeria and Mali, regardless of their level of income (see col. 3, Table 1).

The most recently developed indicator constructed by UNDP i.e., human development index (HDI) based on life expectancy, literacy and

real GDP per capita resembles the PQLI based on three indices as delineated above. Based on HDI, one can, perhaps, argue that Bangladesh (with HDI at 0.478) despite being at a lower stage of development in early 1970s (compare cols. 1 and 13-14) did relatively better than Nigeria (with 0.462) and Pakistan (with 0.499) in 2000. The better performance of both Malaysia and Indonesia with HDI of 0.782 and 0.684, respectively, seems to be consistent with other indicators of development i.e., the level or stage of development (compare col. 1 with col. 5) and the economic performance measured by annual average growth rate in GNPPC (col. 9). By all indications, the performance of Mali (with HDI of 0.386) seems to be the worst. Hence the relationship between development and economic factors obtained above appear to indicate that the building of social capital accompanied by appropriate redistributive policies through social services emerges as one of the vital factors in the development performance particularly in the long-run.²⁹

As hinted above, the poorer performance in human development of Nigeria, Mali and to a certain extent Pakistan can be explained largely by long-run poorer growth in average annual GDP per capita during 1975-2000.³⁰ That whatever growth has been achieved in these countries was unequalizing also becomes evident from comparatively very high relative inequality experienced by Nigeria and Mali compared to Indonesia, Pakistan and Bangladesh. The relative inequality measured by the ratio of income enjoyed by the richest 10 percent to the poorest 10 percent is 24.9 and 23.1 for Nigeria and Mali, respectively, compared to 6.6, 6.7 and 7.3 for Indonesia, Pakistan and Bangladesh. However, the period of reference for the relative measure of inequality is not exactly similar although mostly falling within 1995-1997 period with the exception of Mali for 1994. The relatively better performance of Bangladesh during post-1990 period (cols. 9-10, Table 1) could be due to the empowerment of the poor households in general and the women in particular through the active participation of a number of non-government organizations including the most effective micro-finance programme launched by Grameen Bank (Bank of the poor) since mid-1970s.³¹

The impact of poverty-focused institutions to enhance the empowerment of the poor is also substantiated by the success of Bangladesh in reducing incidence of absolute poverty. The incidence of poverty measured by UNDP based on the percentage of population below income-poverty line of US\$1 per day (with 1993 purchasing power parity) during 1983-2000 shows that Bangladesh (with 29.1 percent) and Pakistan (with 31.0) belong to medium-performing group

while Nigeria (with 70.2) and Mali (with 72.8) to poor-performing group and Malaysia and Indonesia (with 7.7) to high-performing group.

The better performance in poverty eradication for the period 1983-2000 could be explained by the resource mobilization (i.e., savings) and resource utilization (i.e., investment) efforts of the government. Because, higher savings being translated into higher investment can create more economic opportunities for growth at the macro-level and income at the micro-level. The available empirical evidence also seems to suggest that although relatively better performance of Indonesia and Malaysia during 1965-86 (col. 7) is largely explained by pure economic determinants of growth like savings and investment,³² the poor performance of Nigeria in particular as compared to Bangladesh and Pakistan could not be explained by these determinants alone.

It would not, therefore, be wrong to suggest that the poor in Nigeria and Mali were largely by-passed by growth during 1965-1986 while those in Malaysia, Indonesia, Bangladesh, and to a certain extent, Pakistan were able to participate in the expanded economic opportunities created by economic growth during 1965-1986 (col. 7). Hence, the discussion that follows will examine the role of non-economic factors in terms of empowerment of the poor being promoted by the development-oriented institutions and political stability both in success and failed cases.

It has been observed that the pure economic factors measured by ability to save and invest, favourable resource endowment together with relatively higher economic freedom in terms of policies towards economic decision-making (compare cols. 9, 10 & 12) failed to fully explain the development performance of the countries under study. As discussed above, the two best-performing countries using early 1970s as the base appear to be two East Asian countries- Malaysia and Indonesia while two worst performers seem to be two African countries, namely, Mali and Nigeria. Bangladesh and Pakistan - the two South Asian countries remain in between as medium performers. Let us now examine the role of political factors in terms of political freedom, human rights, stability and ideological commitment of the regime to explain the development performance measured by HDI.

Political Factors and Development

During the last three and a half decades, Nigeria suffered from highest political instability judged by the frequency of military coups, changes in military governments³³ and consequent disorder in civil life as well as administration. Judged by the democratic instability index, during 1960s

and 1970s³⁴ Nigeria scored 6.94 (higher coefficient implying higher instability) compared to next-door neighbours - Niger with 1.81, Algeria with 2.11, Mali with 2.66 and Chad with 2.44. This also compares less favourably with two other African countries - Tanzania and Gambia - with a score of about 1 only. Nigeria's instability started with the coup led by Brig. Murtala Muhammed in July 1975. In 1997, Lt. Gen. Obasanjo took over power after the assassination of Murtala Muhammed. Although Alhaj Sehu Shagari headed the government after winning an election in mid-1979, by 1983 the confidence of the public in the civilian regime was shattered as a result of wide spread corruption and economic mismanagement. General Buhari seized power in 1984 followed by Ibrahim Babangida who seized power in 1985. In 1993, defense minister Sani Abacha took over by cancelling the election allegedly won by Moshood Abiola. Within this period of little over three decades there had been innumerable constitutional changes as well.

Another worst performer, Mali, despite having much lower score for democratic instability (2.66) experienced rebellions, a coup and military dictatorship.³⁵ Since independence in 1960, Mali was ruled by President Modibo Keita who was ousted by Lt. Mousa Traore in 1968. Mali was governed under a constitution drawn up in 1974 that became effective in 1979. After a number of coup attempts, the first civilian government was formed in June 1979 when Gen. Traore was elected President unopposed. On March 26, 1991, Traore was ousted by Lt. Col. Amadou Toumani Toure. In April 1991, the defense minister, Abdoulaye Sekou Sow, headed the new government. After the election of March 1992 Alliance for democracy in Mali won the election. Ali Diallo became President. In 1997, Alpha Oumar Konare was elected the President. Mali resembles in many respects the highly unstable Nigeria until the beginning of 1997 when civilian government came to power through democratic election. Mali became the first Muslim country to get free status since 1996.

In contrast, Indonesia and Malaysia, star-performers particularly until the financial crisis of July 1997, are also the ones that enjoyed highest political stability for nearly three decades. Their democratic instability scores with 2.4 for Malaysia and 3.98 for Indonesia appear to be quite low compared to most other Muslim countries. In fact, from 1981 until today the Barisan National (BN), the coalition of three major and other smaller parties, has been ruling the country with Mahathir Mohamad as the Prime Minister. Indonesia, on the other hand, was ruled for more than three decades by one man - General Suharto. Compared to Malaysia, Indonesia scored much poorly on such variables like rule of

law, bureaucratic efficiency and corruption, yet Indonesia performed equally well in terms of growth.³⁶

Behind the long stability of these two high-performing countries lies the predominance of a single party- the ruling Golkar party in Indonesia and ruling UMNO in Malaysia. The overall political environments based on press freedom, civil liberty etc. were little different in these two countries.³⁷ While Malaysia embraces multi-party system, Indonesia allows the existence of only two parties - the Indonesian Democratic Party (PDI) and the United Development Party (PPP). The dominance of military power is overtly accepted by the allocation of one-fifth of the seats in 500-membered parliament for the military personnel.

In the presence of close alliance between President-Suharto and the military, the ordinary citizens were constrained by constitutional barriers to change their governments democratically through ballot boxes. Press freedom was extremely limited and the journalists were forced to practise self-censorship. Although in terms of political rights and liberties Malaysia is well ahead of Indonesia, it has been observed that the Malaysian government exercises significant control over the media, bans outdoor campaign rallies and applies security laws against dissidents.³⁸ All these are justified on the ground of better standard of living as shown by higher HDI, national integrity and socio-political harmony since 1970s.

According to critics, if democracy is defined as allowing peoples' participation in decision-making and exercising the ability to constructively criticize the undesirable impact of government policies, Malaysia practices limited or what has been called a controlled democracy. However, Malaysia's Prime Minister Mahathir Mohamad, has repeatedly pointed out that for a multi-racial, multi-lingual and multi-religious society, Western-type democracy cannot provide the required environment of collective interest and responsibility for ensuring a peaceful coexistence so vital for development. Malaysia's Mahathir and Singapore's Senior Minister, Lee Kuan Yew - the two protagonists frequently refer to Asian values to argue in favour of Asian democracy and against democracy with unfettered individual freedom with all the concomitant negative effects on material and moral aspects of the society. It appears that with miraculous economic growth both of them have proved many critics wrong.

The remaining two South Asian countries Bangladesh and Pakistan, classified as medium performers (neither excelling Indonesia and Malaysia nor failing like Mali and Nigeria), fall in the "median" category of being neither politically, highly volatile nor highly stable. In

terms of frequency in the change of government, Bangladesh and Pakistan enjoyed fewer governmental changes compared to Mali and Nigeria. Bangladesh and Pakistan though experienced shorter periods of Military rule, also enjoyed civilian rule for more than a decade. Civilian politicians Khaleda Zia and Sheikh Hasina in Bangladesh and Benazir Bhutto and Nawaz Sharif in Pakistan ruled during 1980s and 1990s.

Bangladesh and Pakistan gradually shifted from the presidential system to the multi-party parliamentary republic in mid-1990s. These moves in favour of competitive democracy did not result in a high level of political stability. The series of anti-regime demonstrations characterised by frequent *hartals* (the complete closure of all types of activities and transportation networks) accompanied by violent factional clashes demonstrate occasionally unstable political environments with concomitant effects on economic stability and growth. This also speaks for the misuse of too much of political and civil rights with too little of collective responsibility and interest in case of these two medium-achievers (vide col. 15, Table 1). Bangladesh also enjoys higher political rights and civil liberties (MD) compared to two high achievers, Malaysia³⁹ and Indonesia, and the medium-achiever, Pakistan, and the poor achiever, Nigeria.⁴⁰

Despite the stronger negative effects of the less controlled democracy by the standard of East Asian political architects, the positive effects of the relatively liberal western type democracy keeps the governments of both Bangladesh and Pakistan under constant pressure. The relatively unstable democracies in these countries make the governments more accountable to the pressure of the opposition to explain each and every detail of government policy-decisions. This has its positive effect in that it enables the government to absorb any sort of explosion consequent from the popular pressure of the masses. The recent events facing the two South East Asian countries and most particularly Indonesia attest to this. Both the GNPPC and the average annual growth rate after the mid-1997 financial crisis have declined tremendously in these two high-performing countries, particularly in Indonesia, thereby affecting the human development index as well (Table 1, cols. 8, 10 & 15). That democracy does matter in terms of increasing resilience of the countries to cope with economic crisis becomes evident from the two better-performing countries, Bangladesh and Mali, having the highest measure of democracy in the Muslim world compared to the very poor-performing countries after 1997 crisis, Malaysia and Indonesia (cols. 9-10 and 15, Table 1).

It is well known that the democratic institutions in both Bangladesh and Pakistan are severely undermined by the weak and corrupt governance. However, the relatively higher degree of freedom of press and of organizations to voice dissent and the absence of the threat of political repression, as was the case in Indonesia until the financial crisis of mid-1997, the abuse of power by the government machineries is less conspicuous in two moderately performing South Asian countries compared to two South East Asian success cases. Unfortunately, the use of repressive laws has become much more pervasive since September 11, 2001 and is used even by countries like USA and UK in the name of preserving freedom.

Of the two relatively more unstable democracies, Pakistan appears to be more volatile as it is rocked by frequent ethnic and sectarian violence. Bangladesh, in contrast, has been relatively free of such conflicts. This perhaps explains why Bangladesh, despite being the most resource-poor of the countries under study, demonstrated best performance based on the improvement in the average annual growth of GNPPC during 1985-1995 over 1965-1986 (Table 1, cols. 9-10 &15) not with-standing her poor initial beginning.

Judged by the criteria of lowest income, lowest growth rate for two decades (1965-1985) and limited resource endowment to start with, Bangladesh could be adjudged to be the star-performer even compared to two East Asian high-performers (Table 1, col. 10). Since 1985, Bangladesh has been characterized by greater political stability with relatively greater priorities for social and infrastructural development. The government has awarded scholarships to female students and enforced quota system for the recruitment of female teachers in primary schools in particular and all other public services in general. Coupled with this, the intensification of poverty focused income-generating programmes through a number of non-government organizations including the Grameen Bank⁴¹ complemented by the massive infrastructural development⁴² significantly contributed both to the reduction in gender discrimination and in the enhancement of empowerment of the so long deprived section of the female labour force in the country. As a result, the female labour force participation improved quite significantly in Bangladesh compared to the remaining poor-performers including Pakistan particularly after the recent financial crisis of East Asia. This gender empowerment also had salutary effect on the declining birth rate in Bangladesh compared to Mali, Nigeria and Pakistan.

Above discussions on the role of political factors in development performance seems to suggest the importance of political stability and ideological commitment of the regime. Political stability and the development commitment of the regime with greater priority for social development as have been pursued even by a resource-poor country like Bangladesh may help explain the development performance in terms of enhancing capabilities and empowering the under-privileged in the long-run.

Concluding Observations

Development is a multi-faceted concept. It must incorporate not merely the biological but also the socio-cultural, ethical, moral and spiritual needs of human beings. This human-centered development is affected by economic as well as non-economic, mainly political, factors. From what has been discussed, it can be concluded that political stability irrespective of the type of regime is crucial for attaining a sustainable human-centered development. The regime, be it authoritarian, democratic or semi-democratic, must ensure dynamism, flexibility, continuity, appropriateness and effectiveness of policies with priorities for social development path based on distributive equity. The empirical evidence, from the six selected Muslim countries, also seems to suggest that there exists a trade-off between high growth with reasonably fair distribution of the benefits of growth and the civil, political as well as economic freedom. So long as high growth being conditioned both by internal and external forces continues, the demand for negative aspects of human freedom as Sen puts it can be postponed for the future. But the moment the growth slows down and crisis begins for whatever reasons (internal or external shocks), people's demand for freedom in terms of participation and contestation assumes a leading role. As such, the negative aspects of freedom calling for more participation and contestation in all matters, economic, political and social, may dominate over the positive aspects for freedom. The most important observation is that the so-called political stability in the absence of harmonious development between economic and political democracy might not ensure sustainable development particularly if externally imposed distortions influence the macro-economic variables of the country subject to vulnerability.

Notes

1. Although the East Asian economies grew faster than any other region of the world for three decades from mid-1960s to mid-1990s, one can hardly identify a single “East Asian model” of development. See, World Bank, *The East Asian Miracle-Economic Growth and Public Policy* (Washington: Oxford University Press, 1993).

2. According to Przeworski, the East Asian success cases witnessed highly interventionist authoritarian government that had parliaments, parties, unions, and competitive elections, as well as countries run by military dictatorships. Contrary to this, while Latin American democracies suffered economic disasters during the 1980s, the world is replete with authoritarian regimes that are dismal failures from economic perspectives. So, Przeworski thinks that although political institutions do matter for growth, thinking in terms of regimes does not seem to capture the relevant differences. See, A. Przeworski, et al., “Political Regimes and Economic Growth,” *The Journal of Economic Perspectives* 7, no. 3 (1993): 51-69.

3. A. K. Sen, “Development: Which Way Now?” *The Economic Journal*, 93 (December 1983), 745-762; also see, Malenbaum, “Review Article: Amartya Sen on Future Development Policy and Program”, *Economic Development and Cultural Change*, 36, no. 2 (1988): 401-407.

4. See M. Yūnus, *Banker to the Poor – The Autobiography of Muḥammed Yūnus, Founder of the Grameen Bank* (Dhaka: The University Press Limited, 1998).

5. R. A. Musgrave & P. B. Musgrave, *Public Finance in Theory and Practice* (London: McGraw Hill, 1989).

6. HDI is defined by UNDP as the enlargement of the range of peoples' choices. It is an extension, enlargement and deepening of the new somewhat unpopular basic needs approach. Examining the relationship between freedom and human development, Streeten observes that freedom, though not a necessary condition of human development, is entirely consistent with it even at quite a low level; and that human development, once it has reached a certain stage, leads inevitably to the call for freedom by the people. See, P. Streeten, “Human Development: Means and Ends,” *The Bangladesh Development Studies*, 21, no. 4 (1993): 5-18.

7. M. Ahmed, *Democracy and the Challenge of Development - A study of Politics and Military Interventions in Bangladesh* (New Delhi: Vikas Publishing House, 1995).

8. Z. F. Arat, *Democracy and Human Rights in Developing Countries* (Boulder: Lynne Rienner Publishers, 1991). Also see S.P. Huntington, *The Third Wave* (Norman and London: University of Oklahoma Press, 1991).

9. A. Pourgerami, *Development and Democracy in the Third World* (Oxford: West View Press, 1991); see G. Sorensen, *Democracy, Dictatorship and Development: Economic Development in Selected Regimes of the World* (London: MacMillan, 1991); M. Alagappa, "The Asian Spectrum," *Journal of Democracy*, 6, no.1 (1995): 29-36.
10. G. Sorensen, *Democracy, Dictatorship and Development*, 11.
11. *Ibid.*, 17.
12. Alagappa, "The Asian Spectrum."
13. *Ibid.*
14. UNDP, *Human Development Report* (Various Years).
15. Pourgerami, *Development and Democracy in the Third World*, 44.
16. The median liberty class consists of countries with a combined average score of 8.5 (14 being the highest for countries like Costa Rica, Dominican Republic, Venezuela etc. in mid-1980s). The Politically Repressed Countries (PRCs) have scores between 3.5 and 8.00 (3.5 for Iraq, Libya and Iran etc). See Pourgerami, *Development and Democracy in the Third World*, 48.
17. F. Ramos, "Democracy And Crisis-Openness, Participation and Accountability can Become the New Asian Values", *Asia Week*, April 9, 1999, 53.
18. *Ibid.*, 52.
19. J. Bhagwati, "Democracy and Development: New Thinking on An Old Question," *Indian Economic Review*, 30, no. 1(1998).
20. Jomo, *Asian Wall Street Journal*, Dec. 21, 1998.
21. See *Asia Week*, April, 9, 1999, 52.
22. However, the increasing levels of economic development do not necessarily lead to higher levels of democracy, even for the less-developed countries. Rather, the cross-country study suggests that the countries with more democratic political system happen to be the ones that are economically more developed. See Arat, *Democracy and Human Rights in Developing Countries*, 49-53. Lipset and Coleman also argue that economic development is a necessary but not a sufficient condition of democratic development. Arat, while examining the relationship between democracy and economic development finds that only Indonesia and Mali show positive log-linear relationship and Nigeria shows negative polynomial relationship while Bangladesh, Malaysia and Pakistan show no relationship. The period of study mostly remains confined to 1960s and 1970s. It has also been observed that democratic stability and development performance measured by the growth in GNPPC are quite inter-linked. With the exception of the development performance for the remaining four countries under study while Mali despite having less instability

performed poorly, Pakistan despite experiencing higher instability performed well. The period covering the study is from mid-1960s to mid-1980s. Also see A. Alesina et al., "The Political Economy of Growth: A Critical Survey of The Recent Literature," *The World Bank Review*, 8 (1994): 351-371, for the relationships among four key variables namely, economic growth, capital accumulation, political instability, democratic institution and economic equity.

23. Explaining the role of higher economic development as a factor in democratization, Huntington demonstrates that the former by way of creating more highly educated public and larger middle-class positively contributes to civic culture, attitudes, trust, satisfaction and competence that ultimately promote the democratization process. See Huntington, *The Third Wave*. 69.

24. R. Krishna, "Ideology and Economic Policy," *Indian Economic Review* 23, no. 1 (1988): 1-26.

25. The two opponents of Western type liberal democracy argue that the Asian values that contributed to the miraculous growth are not compatible with liberal democracy. But as a result of recent crisis David Roche (*Asian Wall Street Journal*, Oct. 1, 1997) observes that the 'Asian Values' rule has been that rising living standards are provided in return for deficits on democracy. Now this contract will be torn up. But Holmes and Johnson (*Asian Wall Street Journal*, Dec. 16, 1996; Dec. 1, 1997) try to argue that it is the economic freedom rather than political freedom that better explains growth of the economies in general and miracle economies in particular for nearly three decades from mid-1960s to mid-1990s. But the economic crisis of mid-1997 suggests that political and civil rights also matter in the long run if not in the short run. Therefore, attaining economic growth is one thing and the ability to sustain it in the long run, quite another.

26. See G.T. Kurian, *The New Book of World Rankings, Facts on File Publications* (New York: Facts on File, 1983), 99.

27. Pourgerami, *Development and Democracy in the Third World*, 14-16. Table 2.1.

28. UNDP, *Human Development Report* (1998), 128

29. Asif, based on an in-depth analysis of the impact of Grameen Bank model, has demonstrated how GB has been successful in establishing social cohesion in terms of ensuring social trust, social norms and social networks. All these are also the vital components of social capital formation that seem to be instrumental in poverty reduction in juxtaposition with the reduction of dependence on government handouts in all its manifestations that led to the failure of welfare state. See Asif, "Building Social Capital by Grameen Bank," *Grameen Dialogue*, No. 48 (2001). See the original version of this work entitled 'In Credit We Trust: Building social capital by Gramen Bank in Bangladesh' in <http://www.smcm.edu/users/audowla>; also see Gans O. "The Economics of Social Security In Developing Countries: Positive And Normative Considerations," *Economics*, Vol. 54 (1996): 44-67.

30. UNDP (2002), HDR (2002), 191-193.
31. See note-4 and 29 above.
32. World Bank, *World Development Report* (Oxford: Oxford University Press, 1988), 230-231.
33. Banks et al., *Political Handbook of the World* (New York: CSA Publications, 1997), 621-627; see Agbese, P.O. "The Military as an Obstacle to the democratization Enterprise," *Journal of Asian and African Studies*, 31, nos. 1-2 (1996): 82-98.
34. Arat, *Democracy and Human Rights in Developing Countries*, 50-51.
35. Banks, *Political Handbook of the World*, 530-532.
36. I. Takatoshi, "What Can Developing Countries Learn from East Asian Economic Growth?" in *Annual World Bank Conference on Development Economics* eds. B. Pleskovic and J.E. Stiglitz (Washington: The World Bank, 1997).
37. A. Karatnycky, *Freedom in the World-The Annual Survey of Political Rights & Civil Liberties-1995-1996*, (New York: Freedom House, 1997).
38. Ibid.
39. Talking on freedom of press, Zainon Ahmad observes: "the fact that Malaysian press often received advice from everyone from low level officials to the Prime minister on how it should be run was also a form of limitation" (*The New Straits Time*, May 5, 1999); also see Boulanger CR, "Government and Press in Malaysia," *Journal of Asian and African studies* XXVIII, no. 1-2 (1993), 54-66 on how and why the government controls the mainstream newspapers However, recent trend after the financial crisis in mid-1997 suggests that press freedom has improved quite significantly. Now one can see critical writings against the government However, after September 11, 2001 events in US, democracy as a whole and press freedom in particular has been pushed to the back seat in many countries including developed ones.
40. R. Bartley, et al, *Democracy & Capitalism- Asian and American Perspective* (Singapore: Institute of South East Asian Studies, 1993).
41. A. Counts, *Give Us Credit - How Small Loans Today Can Shape Our Tomorrow* (New Delhi: Research Press, 1996); D Bornstein, *The Price of A Dream- The Story of the Grameen Bank and the Idea That is Helping the Poor to Change Their Lives* (Dhaka: University Press Limited, 1996); H. Todd, *Women at the Center: Grameen Bank Borrowers After One Decade* (Dhaka: University Press Limited, 1996).
42. M. Ahmed, *Democracy and the Challenge of Development*.

Table 1: Development Performance and Freedom Status of Six Muslim Countries, 1970-2000.

Countries	Rank based on GNPPC (US\$)								Average Annual Growth in GNPPC								Status of Freedom		HDI	MD 98/99
	'73 col.	'77 col.	'85 col.	'95 col.	'99 Col.	'60-77 col.	'65-86 col.	'85-95 col.	'96-97 col.	'98/99 col.	Pol.	Econ.	'96 col.	'96 col.	'00 col.					
LIMCS	80 (5.5)	110 (6)	150 (5.5)	270 (6)	370 (4)	-4 (6)	-4 (14.9-11.2)	2.1 (6.4)	3.7 (1050)	3.3	PF (Free)	3.75 (LF)	75 col.	75 col.	.00		col.			
B.desh	80 (5.5)	170 (5)	150 (5.5)	260 (4.5)	240 (6)	1.0 (5)	1.1 (NA-7.4)	.8 (4.6)	3.5 (740)	2.7	Free (Free)	3.10 (LF)	13 col.	13 col.	.478 (+43)		.67			
Mali	130 (3)	190 (4)	380 (4)	490 (3)	470 (3)	3.0 (4)	2.4 (10.3-7.5)	1.2 (9.2)	0 (1590)	1.2	PF (PF)	3.20 (LF)	252 (6)	252 (6)	.386 (+53)		.67			
Pakistan	110 (4)	320 (3)	530 (3)	1110 (2)	580 (2)	3.3 (3)	4.6 (34.3-8.9)	6.0 (8.8)	2.8 (3450)	.3	NF (P F)	2.85 (MF)	345 (+45)	345 (+45)	.499 (+46)		.41			
Indonesia	300 (2)	770 (2)	800 (2)	260 (4.5)	310 (5)	3.6 (2)	1.9 (14.4-10.5)	1.2 (33)	1.2 (880)	.5	NF (PF)	3.30 (LF)	.75 col.	.75 col.	.462 (+41)		.33			
MIMCS	550 (1)	1010 (1)	2000 (1)	4680 (1)	3400 (1)	3.9 (1)	4.3 (4.9-1.4)	5.7 (3.3)	5.2 (10920)	1.9	PF (PF)	2.4 (MF)	.616 (1)	.616 (1)	.782 (+27)		.33			

Notes: GNPPC = Gross National Product Per Capita; LF = Less Free; MF = More Free; PF = Partially Free; NF = Not Free; LIMC = Low Income Muslim Countries; MIMC = Middle Income Muslim Countries; HDI = Human Development Index; MD = Measures of Democracy; Pol = Political; Econ = Economic; NA = Not Available.

Sources: World Bank, *World Development Report* (Oxford: Oxford University Press, 1994-2000); UNDP, *Human Development Report* (Oxford: Oxford University Press, 2000); R. Bartley et al., *Democracy and Capitalism - Asian and American Perspective* (Singapore: Institute of South East Asia Studies, 1996); J. D. Gwartney, *Economic Freedom of the World, 1975-95* (New York: The Fraser Institute, 1996); G. Karatnycky, *Freedom in the World - The Annual Survey of Political Rights and Civil Liberties - 1995-96* (New York: Freedom House, 1997); B. D. Johnson et al., *Index of Economic Freedom* (New York: The Heritage Foundation, 1998).