CHAPTER - I

INTRODUCTION
The region which now constitutes Bangladesh has undergone tremendous changes during the last fifty years. The political status of the region changed twice during the period. The eastern part of Bengal province of British India became the eastern wing of Pakistan after Partition in 1947 and then a sovereign state in 1971 after a bloody war of independence. In the post-liberation period several political parties and groups, each with different objectives, principles and programmes, have ruled the country. Alongside with these political changes, enormous social changes came about. A series of development programmes were launched in the region during 1960s. The development activities of the state were substantially expanded and intensified after independence. Consequently, physical and social mobility of the people rapidly increased, exposure and access of the people to the outside world considerably enhanced, adoption of family planning greatly increased, urbanization markedly burgeoned, and infrastructure remarkably developed. But, despite all these congenial changes for economic development, the economy remains stagnant and impoverished.

It is not that the economy remained entirely static throughout the period. Rather, there are ample motions in the economy, both undercurrent and overcurrent. A number of exogenous factors, specially rapid population growth and massive development efforts of the state, via their effects on various intermediate variables, produce the motions and
determine the laws of motions of the economy. Several manifestations of motions of the economy are apparent. Adoption of modern technology has considerably increased in agriculture, leading to significant rise in per acre productivity. A large variety of nonagricultural income opportunities has emerged in the rural areas, reducing dependence of households on agriculture. Export of manpower has significantly increased, enabling a sizable section of rural households to earn remittance income from abroad. Inequity in the distribution of income and assets has escalated, and a powerful elite and a large middle class have evolved. A wave of consumerism has flooded the economy; the people of even the remotest corner of the country are increasingly consuming the nontraditional items. Inspite of these changes in the economy, however, the crucial indicators of development such as savings, investment, growth of the industrial sector and the rate of economic growth continue to remain at extremely low level, and the incidence of poverty remains very high. A closer examination of the macroeconomic scenario reveals that the indicators fluctuated sometimes, but on the whole they demonstrated the tendency to stabilise at a low level. This indicates that there is some sort of low level equilibrium in the economy and that the low level equilibrium is dynamically stable. The dynamic stability of low level equilibrium in any economy implies that the economy neither develops nor crashes.

The pertinent questions then arise: Why is the rapid population growth not providing sufficient impetus for
economic development, as it did in many European countries in eighteenth century?¹ Or, why is it not leading the economy to the Malthusian crash - that is, how is the rapidly growing population absorbed? Again, why did the development efforts of the state fail to pull the economy out of prolonged stagnation and reduce the incidence of poverty?

Explanation of these apparent perplexities lies in the nature of the dynamics of the economy. It is not the mere number or volume of changes in the economy which is really very important for development. Rather, it is the type of changes which matters most. There are some changes which lead the economy to transform 'take-off' into visible economic growth, while some changes leave the crucial indicators of economic development unchanged by not leading the economy even to a successful 'take-off'.

Clifford Geertz (1963) first uncovered the difference between the two types of changes occurring in a densely-populated agriculture - dominated developing economy. While examining the process of development in Japan and Java (Indonesia), he observed that the two economies were extraordinarily similar in the mid-nineteenth century and also that the two economies have considerable similarities even today. However, the changes which occurred in the two economies after 1850s have transformed Japan but failed to bring about take-off in Java.

¹ See Boserup (1965) for a detailed analysis of the positive impacts of population growth on economic development.
One will definitely be tempted to ask: "Why do the level and rate of economic development so widely differ?" Geertz argued that the difference in development has been engendered by the difference in the nature of changes in the two economies. Japan utilized its rapid population increase in the ever-expanding manufacturing sector. There was little change in the size of agricultural population, although technique of production drastically improved. As a result, Japan increased both per acre and per capita productivity in agriculture. On the contrary, there was no significant expansion of employment outside of agriculture in Java. Java absorbed the growing population by resorting to the practice of "sharing of poverty" - by sharing out of access of land through use of more and more labour-intensive techniques of cultivation and of opportunities for wage work, as well as by reducing per capita consumption and nutrition standard (White, 1976).

The absorptive process or the traditional elastic qualities of the villages as observed in Java was termed by Geertz as one of involution\(^2\), in the sense that this process involves the increasing elaboration of the socio-economic structures rather than transformation of older structures. The involutional process results in the dynamic stability of

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\(^2\) Although the dictionary meaning of the term 'involution' is convolution or complex circularity, or decadence, or a rolling up or folding in upon itself (The Random House Dictionary of the English Language, College Edition; and Roget's International Thesaurus), Geertz gave it a wider connotation by which the term implies both "complex circularity" and decadence simultaneously. See Geertz, 1963.
a low level equilibrium in the economy. Despite some dynamism set in the economy by growing population and increasing adoption of new technology in agriculture, the economy remains stagnant in that the per capita output and income do not show any appreciable rise. The work-duration of the people increase but returns to labour fall. Besides, the per capita food consumption declines and poverty gradually increases.

The root of the process lies in the timing of and the motive for initiating changes in the economy. Higgins aptly remarked that there seems to be in the history of each country an "optimal moment" for launching development. If such an optional moment is missed, it may take several generations for the economy to produce the climate for transformation of the take-off into visible economic growth. Involution interposes in the period of gap, so that the possibility of a successful take-off becomes a mirage which continuously recedes as the society proceeds to get hold of it. This is quite obviously so. When population growth compels the economy to pursue development activities, the rate of development is most likely to lag behind the rate of population growth. The development activities in such case follow, and not precede, the increasing need to feed the growing population. In agriculture, the per acre output when the size of population becomes very large and the rate

increases due to enhanced adoption of modern technology only of population growth is already very high, so that the per capita output does not rise. People start availing themselves of the nonagricultural income opportunities mostly for survival, when per capita income from agriculture declines; they do not do so for further raising the level of income or for accumulation when per capita income from agriculture was high. The small easants and labourers increase work-duration when per hour returns to labour become low, and not when returns were high. Thus, the main motive of the people to bring about changes is to somehow survive at the subsistence level rather than to improve the level of living. Similarly, the motive of the government for launching development programmes appears to be to sustain the growing population at the subsistence level, and not to develop the economy as such.

Nevertheless, it appears that so long as involution continues to operate, the economy does not crash, because the growing population is somehow absorbed, at whatever level of living it be, in the rural society. In fact, the rural economy dominated by rise cultivation has an inherent strength. As Geertz pointed out, the rice terrace is a stable ecosystem and even the most intense population pressure does not lead to a break-down of the system on the physical side, though it may lead to extreme impoverishment on the human side. The duration of the involutional process,
Geertz maintained further, depends on the capacity of the people to subsist on steadily diminishing per capita output in agriculture and per capita returns for their labour (Geertz, 1963:33). As this capacity of the people exhausts, the economy approaches the limit of involution when it will either transform its older structures or perish.

When the involutional process is operative, the economy does not develop either. So long as the economy has the introversive tendency to absorb the growing population through intensification of the existing structures and people have the adaptability to declining levels of level, the new structures will not emerge. There is another factor to act as an important obstacle to development.

Population growth and development activities of the state, the fundamental forces to cause changes in the economy and beget the process of involution, also accelerate differentiation in the rural society. With rapidly increasing inequity in the distribution of income and assets, a powerful wealthy class emerges. But this class does not conduce development. Geertz argued that a rise in agricultural productivity resulting from increased adoption of modern technology will lead to self-sustained growth only if surplus of the rich households is siphoned off into industrial investment. If it is not so siphoned off, it will merely further accelerate the process of involution, not just in agriculture, but throughout the whole society (Geertz, 1963:146). In most of the developed countries,
increased differentiation contributed to economic growth by generating savings for industrial investment. On the contrary, in Java, as observed by Geertz and also White (1976), increased differentiation led to the emergence of a rich class which is extraordinarily fond of conspicuous consumption and unproductive use of wealth—the class has little fascination for saving or investment. Thus, the process of differentiation complements the process of involution in prolonging stagnation.

The economy of Bangladesh very closely resembles the economy of Java. Both have a long colonial past, both are extremely densely-populated, agriculture is the predominant sector and rice cultivation dominates agriculture in both, both have been carrying out development activities for long, but both are still stagnant and impoverished. Such striking similarities between the two economies point to the possibility of likeness of the nature of changes which have taken place there in the recent decades. Therefore, as for Java, an investigation of changes occurring in the Bangladesh economy can unravel the important factors which have stuck the economy on the threshold of take-off.

The present study purports to trace the important changes which occurred in the rural economy of Bangladesh over the recent decades, examine the nature of changes, and assess the impacts of changes on economic development. The

investigation is expected to uncover the causes of the
dynamic stability of low-level equilibrium as perceived in
the economy. The specific objectives of the study are to
ascertain whether and to what extent the involutional process
is operative in the rural society, to ferret out the rate and
nature of differentiation of the rural households, and to
determine the relationship of the processes of involution and
differentiation with the prevailing stagnation and the
growing poverty in the economy. The broad hypothesis is:
stagnation and poverty are the manifestations of the very
nature of the changes which have been taking place in the
economy. Or, to be more specific, an involutional process is
operative in the economy, which, in conjunction with the
process of differentiation, have led to stagnation and high
incidence of poverty in the economy. The study had to be
based on primary data, since the relevant data were not
available in the secondary documents. Data for the study
were collected through an intensive survey of two villages in
Bangladesh. Attempts were made to trace the changes in the
household economy which occurred during the period between
1972 and 1991 and analysis has been carried out mainly for
the 1972-91 cohort households of the villages.

The importance of the study can hardly be overstated.
An intensive investigation into the nature of changes
occurring in a densely-populated rural economy can properly
spell out the nature and pace of involution and
differentiation operating there and unfold the nature of
interaction between the two processes. An ascertainment of the nature and pace of involution and differentiation is needed to identify the root causes of stagnation, to assess the possibility of a break-through or a break-down of the economy in the near-future, and deduce the policy implications to alter the nature and course of changes. No study has so far been carried out along this line in the context of the Bangladesh economy. Only in Java two studies have been conducted, but even those studies empirically dealt only with one or two aspects of the involutional process. Involution itself is a complicated process, encompassing changes in a number of variables. The present study intends to be a relatively comprehensive investigation in that it will examine changes in all the important variables involved in the process of involution and differentiation including landownership, employment, production, income, consumption and saving.

It may be mentioned, however, that the study has some crucial limitations. It plans to approach a basically macroeconomic problem of rural development through a microlevel survey, and that too on only the cohort households of only two villages. The empirical basis of the study is thus not sufficiently strong to evince any general conclusion about the whole economy as such. Besides, the number of observations in the survey was not large enough to permit use

5. One by Geertz (1963) and the other by White (1976).
of standard techniques of statistical analysis. These notwithstanding, the study can claim to be an attempt to pioneer comprehensive enquiry into the processes of involution and differentiation. It should be noted that the basic aim of the study is not to present a theory, nor to verify any theory, rather to exhume the facts of the rural economy and observe the "raw realities" in order to identify the root causes of prolonged stagnation and poverty.

The main text of the thesis has been organized into two parts: Part 1 will examine the dynamics of the Bangladesh economy and review the existing literature of rural development to select the approach, derive the specific hypotheses and determine the methodology of empirical investigations for the study. Part II will analyse the findings of field survey. Part I comprises chapter 2 through chapter 4. Chapter 1 will examine the dynamics of the Bangladesh economy. It will ascertain the nature of changes which have taken place in the economy during the recent decades and indicate the problem of its development. Chapter 3 will review the existing approaches to rural development and select the approach of the study. Chapter 4 will discuss the conceptual framework of the study and method of data collection. Part II will consist of four chapters:

Chapter 5 will analyse the changes in landownership in the study villages. The analysis is expected to expound the nature and rate of differentiation of the peasantry and indicate the existence of involution in the villages. Chapter 6 will trace the changes in occupation and employment in the villages. The chapter will examine whether some of the salient features of involution are discernible in the villages. Chapter 7 will analyse the changes in household production and income. The chapter will find out whether involution operates in productivity and ascertain the rate of rural differentiation. Chapter 8 will examine the level of consumption and saving and the non-productive use of surplus in the villages. The chapter will assess the extent of involution in terms of consumption standard of the villagers, ascertain the incidence of poverty and identify the uses of surplus by the villagers. Finally, the last chapter will discuss the summary of all the previous chapters and deduce the conclusions.