

THE ECONOMICS OF FUNDAMENTALISM

Abul Barkat

The genesis of Islam reveals the liberal and humanistic origin of Islam in East Bengal. This liberal-humanistic Islam has turned into 'political Islam' mainly due to two major regressive transformations: the 'communalization of Islam' associated with the emergence of the religious doctrine-based state of Pakistan (in 1947), and the failure to punish the 'war criminals' (in the 1971 War of Independence).

The failure of the State to satisfy the basic needs of the people (in line with its constitutional obligations), growing criminalization of economy and politics, growing inequality in society, increasing youth unemployment, communalization of culture and education, lack of people's confidence in mainstream political (democratic) leadership, external environment - all these have contributed to the growth of Islamist extremism in Bangladesh. Religious fundamentalism, in the process, has gained momentum to shape organized 'political Islam', which intends to capture state power by force.

The religious fundamentalist forces have successfully assimilated the mythos of religion with the logos of reality, and they pursue their aim of capturing state power by using religion as pretext through a well organized economic power based political process. In so doing, the fundamentalists have created 'an economy within the economy', and 'a state within the state'. Now they share political power (from local to central governments) and they have adequate economic strength (from micro to macro levels) to sustain their political organizations.

The crisis emanating from the economics of fundamentalism and the politics of religious extremism can be overcome only through an enlightened political movement guided by courageous leadership coupled with substantive public actions. Such actions should aim at giving an institutional shape to democratic values, secular mind-set, and equity in distribution of public resources and benefits of development.

Most of the written histories pertaining to the evolution of Islam in East Bengal (now Bangladesh) are incomplete and euphemistic. The origin and evolution of Islam in East-Bengal—in the writings of historians—are available in four lines of historiography, of Immigration, Sword, Patronage and Social Liberation. None of these historic-graphic lines are complete in terms of empirical substantiation. In contradistinction with the main theses of most historiographers one sees no significant role of Sword, Immigration or Patronage in the propagation of Islam in East-Bengal. Islam evolved in East Bengal as an adjunct of agriculture based civilization. Sufis and Devotees of Islam along with preachers of other religions participated in the struggle against feudalism and colonialism. They even gave leadership to such movements. The Sufis and Ulamaas took such steps using the usual logic of liberal humanism of religion.

For the first time in the history of Islam in East Bengal, a major regressive trend was evident in the last century which can be treated as a major disaster in the socio-political life in Bengal. It was the time when at one stage, in the process of anti-colonial movements, a move came to establish a state based on religion, meaning thereby the creation of Pakistan for the Muslims and Hindustan for the Hindus. This widely known 'two nation theory' can be denoted as the first formal basis for 'political

Islam' in Bengal. The Sufis and the Ulamaas of the liberal humanism of Islam could not oppose the division of the United India on the basis of religion. The religion-based division of the country took place without the informed consent of the people (irrespective of Hindu, Muslim, Buddhist or Christian).

During the whole period of Pakistan (1947 to 1971), religion-based communalism was utilized in conducting the state affairs and the socio cultural activities. For overcoming any socio-political crisis religion was (mis) used. They would say, 'Islam is in danger', wherever there was any problem. For maintaining military rule and autocracy 'Islam in danger' was the only slogan. Finally, this same slogan was used against the liberation war, in 1971, while forming so called 'peace committees'. The Albadar, Alshams, Rajakar, etc., were formed with a handful of Bengali Muslims against the liberation of this country. This may be termed the second phase of regressive transformation in Islam of East Bengal. Therefore, today's religious extremism can be treated as a continuation of their religion-based acts of terrorism of 1971 on a larger scale with a deeper base.

The economic foundations of fundamentalism are not weak in Bangladesh. From the point of view of structural transformation, during the last 34 years (1971-2005) of the country's independence there have not been any fundamental progressive "pro-poor" changes in the economy of Bangladesh. It is true that independent Bangladesh has emerged as a result of struggle against the discrimination between the two economies (of West and East Pakistan). But the trend of evolution over the last 34 years shows a clear division of the country of 140 million into two parts: In the first part are the powerful people of small groups, their number is no more than 1 million (including family members). In the second part are the large numbers of people who are powerless and whose number will be 139 million.

Due to machination of politics and economics a situation has been created, where 139 million powerless people exist against only 1 million powerful people. These 139 million people are basically helpless, deprived, destitute and distressed. In the real sense, there has been no conscious socio-political effort from the side of the governance quarters to turn these large numbers of powerless people into powerful ones or towards empowering them by way of inclusion of the excluded.

During the last 34 years some people became owners of unlimited wealth and larger sections of the people have become poorer (the hapless - alienated people looking for shelter). Sources of unearned income have increased at a high rate, but pomp and show have gone up while sufferings of various kinds by the larger section of the people have expanded. Multi-storied buildings have been erected, but side by side the number of slums has gone up; government's real allocations for the welfare of the people have declined, and side by side un-productive expenditures have gone up; donor interference has increased and side by side local initiatives have gone down and government allocations in the unproductive sector have gone up.

The extent of criminalization of Bangladesh's economy can be indicated as follows: during the last 34 years, a total of about US \$ 33 billion (Bd. Taka 2000 billion; 1 US\$ = Bd.Taka 60) of foreign loans and grants have come to Bangladesh officially. An estimated 75% of all this money has been misappropriated by national and international vested interest groups.¹ Nationally, the number of such criminals would be about 200,000 families with 1 million people. These people now produce black money equivalent to approximately US\$ 12 billion (Taka 700 billion) annually which is one fourth of Bangladesh's national income. Estimates show that the total amount of black money produced in the country during the last 34 years would be equivalent to about US\$ 117 billion (Bd. Taka 7000 billion).²

Out of the current (2004) 140 million people in Bangladesh, 91 million (65%) are poor, 45 million (32.1%) represent the middle class, and the rest, 4 million (2.97%) are rich. The poor are disproportionately highly concentrated in the rural areas compared to the urban: 85% poor live in the rural and 15% in the urban areas. Among the rural households 60% are landless. While the total population has increased by 40%, the population in the 'poor' category has increased by about 52%. Therefore, it is most likely that the growth in poverty-led fundamentalism should have been high in the last 20 years.

Among the current (2004) 45 million population representing the middle class, 14 million (52% of middle class) are in the lower middle class range, 15 million (35%) are in the mid-middle class, and the remaining 6 million people (13%) are in the upper middle class range. Therefore the balance of dynamics of the socio-economic class structure in Bangladesh clearly depicts that, during the last twenty years, the overall poverty situation has worsened: the middle class has shown a downward tendency with extended reproduction of poor people from the lower middle class, and with reproduction of the lower middle class from the mid-middle class. Wealth has been accumulated in the hands of a few rich people (2.9% of the total population, with perhaps 90% of their wealth in 10% of them).

This worsening mass poverty and widening of inequality coupled with a declining non-stable middle class and 'naked' super-richness of the few is the solid ground which has been created in Bangladesh, and which, at the same time, forms the most fertile ground for both production and extended reproduction of religious communalism, militarism and fundamentalism in all spheres of life.

In terms of source of funding, some relevant experts in Bangladesh argue that the Islamist religious extremists procure the whole (or most of their) money from abroad for conducting their activities. This idea may be untrue to a great extent although they have joint collaboration in trade and commerce with foreign co-ideology investors. It is most likely that the major portion of the donations comes from foreign sources to and through the NGOs controlled by them.

The above-mentioned hypothesis on foreign funding may not be correct to a large extent because religious fundamentalists have already been successful in building a strong economic base of their own. This has happened or has been happening as follows: ultra communal forces divided into many parties and activist groups have got substantial financial support from abroad to conduct their activities in the 70s and 80s; they invested such resources to build relevant socio-politico-economic models. In most of the cases, their invested money now earns a high profit. They utilize a part of the profit to promote organizational activities.³ A part of the profit has been spent for extension of their institutions and a part has been spent for the creation of new institutions.

The estimated annual (2004) net profit of economic fundamentalism in Bangladesh would be about US\$ 200 million (Bd. Taka.12,000 million). The highest share of such profit, 27% (of the total net profit) comes from financial institutions (banks, insurance institutions, leasing companies, etc.)⁴ The second highest, 20.8% of the total net profit comes from NGOs.⁵ 10.8% comes from trading concerns, 10.4% profit comes from pharmaceutical industries and health institutions including diagnostic centers, 9.2% comes from educational institution, 8.3% comes from real estate business, 7.5% comes from transport business, and 5.8% comes from news media and the IT (information technology) sector (see Table). Although the above calculation of the net profit

earnings is largely based on heuristic estimates, the pattern is (at least) indicative of the directions. At the same time, this pattern of net profit earning by various sectors and sub-sectors of fundamentalist economics is in congruence with the mainstream economic trends.

Now, if the economies of fundamentalism earn a net profit of US\$ 200 million a year, the degree of communalization of Bangladesh's economy indicating the strength and extent of economic fundamentalism, will be equivalent to:

- 1) 1.5% of annual national investment (in current price), or
- 2) 2.1% of private sector investment in the country, or
- 3) 3.3% of the government's annual revenue collection, or
- 4) 3.7% of the export earning of the country, or
- 5) 6% of the government's annual development budget, or
- 6) 12% of the internal resources of the annual development budget of the government.

Further, to understand the future possibility of expansion of the economy of fundamentalism, it is important to indicate that the rate of growth of the economy of fundamentalism (annual growth rate of 7.5% to 9%) is higher than the annual growth rate of the mainstream economy (annual growth of 4.5% to 5%). Therefore, there is no doubt that, other things remaining the same, the communalization of Bangladesh's economy will grow further. In the analysis of the economics of fundamentalism, a few more things can be indicated with high certainty :

- 1) they have invested both for the short term and for long term benefits in the sectors in which it is possible to earn highest possible profit; this means that whatever interest they apparently display about the life hereafter, they are more conscious than anyone else about material life in this world;
- 2) they are more interested in strategic investment. [as shown in the Table]
About the methodology of estimation: In estimating the profit of economic sectors-institutions a heuristic method has been followed. Although the process is based on assumptions, the basis of estimation is scientific to a large extent. In this regard, expert opinion of various sectors has been taken into account. In some cases, the estimates may be more or less than the actual figure (real truth is not known to any one; that is not published.) Although, in case of a few sectors-institutions, formal data about investments are available (which is again not close to reality), in most of the cases such data are absent/unpublished. Although, in some cases the published audit report and/or annual report are available, in most cases, they are incomplete, highly inaccurate, and therefore totally misleading.
- 3) they have chosen such sectors for investment which allow them to reach more people with more speed;
- 4) their sector-wise investment framework is quite balanced;
- 5) it is possible for them to appoint 500,000 full time cadres in organizational activities with only 10% of net profit (they do so and they provide cross subsidy to other sectors from the net profit), and
- 6) they (mis) use their political and economic power (using Jihad as pretext) to place their ultra communal cadres in a planned way in the key strategic positions of the government's autonomous and semi-autonomous bodies, and in the private sectors.

Following this process, during half a century, they have now reached a position where they can get an average vote of 15,000 people in each of the seats of the parliament (an average of 75,000 votes are needed to win a seat). At the same time, they have now acquired the capacity to spend millions of black money and use muscle power in national parliamentary elections. On the other hand, as displayed on the 17th

of August 2005, they are well capable of organizing nation-wide serial bomb blasts, and that with 100% military accuracy. This by no means is a weak opponent.

The greatest danger about the rise of the politics and economics of fundamentalism in Bangladesh lies in the institutionalization of fundamentalism implying organized penetration of Islamist fundamentalists forces (with ideology assimilating myths of religion with logos of reality) in all key spheres of life and state operation, -in economic sectors, in political institutions, in key positions in the administration and the judiciary, in government - autonomous and semi-autonomous - bodies and in private sectors, in educational institutions with predominance in the Madrasah system, in health, in NGOs, in women's organizations and in many professional bodies. Because of their command over 5-7% of the votes (more importantly, their rate of casting is almost 100%), given the existence of an equi-strength bi-partisan political system (the two major political parties in Bangladesh are the Awami League and the Bangladesh Nationalist Party), - the major mainstream Islamist party is strategically well positioned in the formation of the government after the national parliamentary elections. And they use this strength to their advantage towards further institutionalization of Islamist fundamentalism. In addition to the above stated, the relative strength of institutionalized fundamentalism is also evident in the formation and operation of Islamic Shariah Council against the will of the Central Bank (the Bangladesh Bank). This Islamic Shariah Council - the central policy making body of all Islamic financial institutions - is a body fully controlled by the mainstream Islamist party and is headed by the Pesh Imam (the head) of the National Mosque, who is a government servant, who openly preaches in favour of implementation of Shariah rule through mosque-based administration and the judiciary. This Islamic Shariah Council is an illegal entity according to the Company Act and Banking Act operating in Bangladesh. The Central Bank's attempts to ban this Islamic Shariah Council and even the attempt to institute a guideline for 'Islamic banking' in Bangladesh could not be materialized due to the Islamist party's strong presence in the government. Finally, the most recent attempt to pass a law in the parliament 'Against religious extremism' ended up with a gross failure.

Both the economy of fundamentalism and the politics of religious-militant extremism have gone too far; and damage can be irreversible if not addressed timely and intelligently. For many countries in the world including for Bangladesh, this is ultimately an issue of building a progressive society for the future generations. The expanded religious fanaticism, armed communalism and associated fundamentalization of the economy is not a simple social problem *per se* (among many other problems), it is rather indicative of a deep rooted crisis of embattled faith rooted in increasing inequality and fear. This crisis which has emanated from the politics of communalism and the economics of fundamentalism, can be overcome only through an enlightened political movement guided by courageous patriotic leadership backed by substantive public actions.

The ground for hope is historically fertile in Bangladesh. The only thing needed is to timely and appropriately cultivate the ground based on the spirit of democracy, secularism, nationalism and equity - the foundation stones of 1971 Liberation War and the basis of the 1972 Constitution of Bangladesh. In the long run, fighting religious extremism by keeping the mass of the people un-empowered and poor is an improbable proposition. It is high time to devise a most appropriate strategy to simultaneously negotiate rising religiosity with rising inequality - a difficult practical issue to resolve because one breeds the other.

REFERENCES :

- (1) For details see, Abul Barkat (2001), "How Much Foreign Aid Does Bangladesh Really Need: Political Economy of Last Three Decades"
- (2) For details, see Abul Barkat (2005e), "On Price Hike of Essential Commodities and Human Development Within the Context of Political Economy of Criminalization".
- (3) This includes expenditure on account of salary to the political workers, expenditure in connection with conduct of day to day political activity, and running arms' training centres (the foreign ministry of India has made the accusation that there are 148 arms training centres for the fundamentalists in Bangladesh. This accusation has not been formally denied. A similar accusation has been made by the United States and by the European Union. The present government's position on the existence of such arms' training centres in Bangladesh was unclear until 17th August 2005 (i.e. until the day of the countrywide serial bomb blasts). The government until that period used to say that "JMB and JMJB do not exist, these are creations of the media and of the political opposition". However, after the 17th of August incident, the government was forced to change her position: from non-recognition to tacit recognition of the existence of militant activities. The print and electronic media- during the last few weeks - have been openly disseminating information about such arms, explosives, relevant leaflets and booklets, training centres with photos of trainers, etc.
- (4) The link between the Islamic Bank (the local bank with the highest amount of market capitalization among all local banks) and the religious militant groups has been clearly evident in the fact that because of this link this Bank got the highest punishment under the Money Laundering Act by the State Bank (Bangladesh Bank) in 2006.
- (5) In Bangladesh there are about 450 NGOs under the control of the Islamist fundamentalists. Most of their external financial support comes from the Middle-east. Many do receive financial support even from the developed countries. It has been found that in many cases they receive money directly, accounts for which are absent in the Government's documents. The primary object of the NGOs under control of the fundamentalists is to reach the grassroots people, using the platform of the institutions and subsequently to establish and consolidate linkages between their political agenda and economic interest. When the main stream NGOs are making efforts to empower women, the fundamentalists NGOs are not lagging behind. But they say, "Women's empowerment has to be achieved under the veil".

[Source : *Report : The Experts' Meeting on Democracy and Human Rights in Bangladesh.*
The European Parliament, October 10, 2006]

Table : Sector-Institution wise Break-up of annual net profit of economic fundamentalists (estimated)

| Sector-Institution | Annual net profit (in US\$ million) | Percentage share in total net profit |
|---|--|---|
| Financial Institution: | | |
| Bank, Insurance, Leasing Company. | 54.2 | 27.0 |
| Business organization: | | |
| Retail, Wholesale, Departmental store | 21.7 | 10.8 |
| Pharmaceutical Industry, Health Institution including Diagnostic center | | |
| | 20.8 | 10.4 |
| Educational Institution: | | |
| School, College, University, Coaching Centres | 18.3 | 9.2 |
| Communications: Truck, Bus, Launch, Steamers, Ship, Car, Three wheeled CNG, etc. | | |
| | 15.0 | 7.5 |
| Real Estate: Land, Building | | |
| | 16.7 | 8.3 |
| News Media, IT, Books and Publications | | |
| | 11.7 | 8.5 |
| NGOs | | |
| | 41.6 | 20.8 |
| TOTAL | 200 | 100 |