

Research Note

Downsizing the State : A Re-consideration*

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Downsizing the government machinery has of late become an item of intense debate among governments, civil societies and donors across the countries. However, disputes persist whether a sweeping downsizing is always called for in a developing Country context. The connotation 'downsizing' carries a negative tone which for an objective treatment of the whole matter **should rather be replaced by 'right-sizing', In a changing scenario, one cannot foretell for sure if rationalisation of the size of the governmental machinery always imply a reduction. Although it is generally presumed that in countries like Bangladesh sizable under-employment persists in government, following apportionment of job description, specification, government in Bangladesh may in aggregate even have to widen it's scope or reach.**

To carry out a structured study on determination of the size of the State machinery, the following sequence can be followed :

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- Situation Analysis :
- Why State is required ?
 - Option(s) in hand ?
 - What are the characteristics of 'public' and 'private' sector operation ?

Essence of Governmental Policies :

- An examination of government policies of GoB, as an example
 - GO : NGO/Public intervention=>
(Government's role as Facilitator?Or, Regulator?)
- A comparison between Public and Private sector approaches
- Input requirements
 - Output produced
 - Management
- Discussion of a few cases to the Point :
- Best Practices : India, Malaysia,Japan
- Streamlining the Public Sector : Possible mix of positive elements of Public and Private sector approaches : Bangladesh context
- Defining a Functional Relationship to determine the size, ways of State involvement :
- Wither State ? or, State to stay ?

With the arrival of various non-State actors over the years within Civil Society frame viz. NGOs and wide practice of *laissez faire*, many quarters today feel that days of statist approaches in production, distribution are virtually over. Putting a little differently, some say, market should determine the course of events, at least in economic matters. So, state is being viewed as the central problem. But, cutting across thinkings of Plato, Aristotle, Adam Smith through Frederich List to Milton Freidman, it is generally concluded that State has to stay, There may be ills afflicted by individuals serving within the 'State's delivery frame' ; but that also does not diminish the justification of the concept or system of the bureaucracy,

To that effect, the generalised mechanism (and flaws accompanying) of 'public' and 'private' sector operations should be viewed in order to obtain a comparative understanding of the approaches (in Bangladesh context) :

Private Sector approaches : –(usually) profit-driven:

(Mostly engaged in Industry and service sector)

- management of time, man, material
:attempts are made to ensure highest attainable level of efficiency
- recognition of initiatives matched by incentives, awards

State/Public Sector approaches : – (usually) welfare is the prime concern

(engaged in Education, Health, Food sectors)

- Ensures social security
- engages in crises resolution (both at micro and macro level) and disaster management
- maintenance of law and order
- facilitation of basic physical infrastructure
- upholding state's security and territorial integrity
- collection of revenue and mobilisation of external resources
- operation of monetary and fiscal policy
- organisation of national and civil defence
- maintenance of external relations (conduct of Foreign Policy)
- promotion and preservation of local, national literature, culture, heritage
- protection of natural/physical environment of the territory

Although it is not a thorough and exhaustive comparison, it *prima facie* offers a view of the distinction inherent in two approaches.

These become more apparent as one looks at the policies drawn by a government on the basis of constitutional provisions of a state. A brief overview

of inter alia the policies formulated in Bangladesh so far (which are revised, updated by successive governments to incorporate changing needs) would corroborate this fact :

Foreign policy (Article 25(1), 25(2) of Bangladesh constitution)
Industrial Policy, 1991 (rev. 1992)
(Export-Import) Trade Policy, 1998
National Energy Policy, 1995
National Environment Policy, 1992
National Forestry Policy, 1994
National Children's Policy, 1994
National Women's Policy, 1997
National Science & Technology Policy, 1986
National Tourism Policy, 1992
Housing Policy, 1993
National Food & Nutrition Policy, 1997

[Currently, National Youth Policy, Land Use Policy, Crop Policy, Education Policy, Health Policy, Water Policy are at different stages of formulation]

Although these are framed and implemented by individuals/parties in power on behalf of the Republic, in practice, they can, at times at good cost, compromise national interests, This holds true particularly for a truly functioning democracy where Legislature, Executive and Judiciary- all conduct themselves responsibly and interact among themselves objectively.

It further emerges that beginning in 1980s, following the more or less global trend of market biasness, governments of today tend to act more as 'facilitators'. The degree of course varies from country to country, time to time. Concurrently, a government essentially remains the de facto sentinel of the common treasures/wealth of the state. Therefore, as an obvious consequence, they often have to appear as 'regulators' as well (e.g. steps the then government took soon after liberation of Bangladesh)

Today, wide exercise of *laissez faire* has come in the wake of high cost paid by states over years in the form of regulation, control and protection. New

statist approaches remain only where 'pay-off determination' is difficult to measure. It would be worth noting that in context of the WTO-led emerging trading regime and a fast globalising world, states are most often compelled to withdraw themselves from many sectors; or allow private entities compete with the public ones in areas otherwise restricted earlier. This phenomenon is often known as 'backwater effect' as well.

Bangladesh lags much behind in all these measures. Most (corrective) efforts, undertaken since, appear piecemeal. Sufficient rules are there, but enforcement to the letters and true spirit not. In all—

- ...State functionaries in Bangladesh are bogged down by rules, regulations.
- ...Initiatives often get lost in the 'web of procedures'
- ...Innovations are not duly appreciated.
- ...Imagination, vision (If not a 'National' one!) are similarly absent
- ...Organisations lack continuity in 'system leadership'
- ...Decision-making still centralised (=> Top-down approach)
- ...Inadequate co-ordination existing among relevant entities/offices
- ...Transparency, accountability seriously lacking
(e.g. ...on the plea of Official Secrets Act, 1923)
- ...Size-determination of governmental machinery not productivity driven.

All these seriously injure the government's performance in Bangladesh and in turn leads to questioning it's efficacy.

On the other plane, private sector, although blamed *inter alia* for (i) little investment in R & D, (ii) lesser job security (at the whim of employers), (iii) lacking long-term welfare perspective and (iv) carrying an otherwise exploitative posture, on the earlier stated counts (the inadequacies of the public sector) and on ground of (i) flexibility of approaches (ii) broad-based but quick decision-making process and (iii) accommodation of innovation, market forces driven private sector takes an edge over public sector.

Empirically, it has been seen that remaining 'protectionist' (pursuing restrictive practices) even when a state acts as a 'catalyst', it excels. The role played by Ministry of International Trade & Industry (popularly known as MITI)

since WWII in Japan is an example in this case. Together this must be matched by a leadership enjoying broad-based support with a National Vision. Malaysia (e.g. New Economic Policy proclaimed by Dr. Mahathir Mohammed in 1991) amply proves it. Again, India beginning from 1991 with Dr. Manmohan Singh's economic liberalisation of the economy throughout the 1990s demonstrate how balancing the political compulsions and hitherto popular demands, a state can embrace reforms in different fronts of the society, economy and polity and make a turn around, braving all odds, from a hardcore protectionist regime practised for several decades.

Given the size and structure of and the role played by the state machinery in Bangladesh, there is ample room to undertake a pruning exercise at least in the size of government. In delivery of services, traits like vision, accommodation, flexibility, etc. should be aptly demonstrated by individuals serving the state. In that process, as we reach an optimal size of the state machinery, then only need for further expansion can be considered. It is, however, strongly felt that this exercise in Bangladesh context must be guided by the twin principle of productivity and social justice.

But how far will it be rational, realistic ? For an LDC with surplus manpower, the role of State cannot be viewed from a typical developed world perspective. Therefore, fuller application of productivity principle in Bangladesh may not be justified. More so, such a proposition would draw strong opposition from the system itself. Politicians, Civil Servants would certainly welcome it. So, in order to avert any likely stand-off/conflict, a compensation package could be offered. This proposition well precludes a strong commitment of the political leadership.

As is any other country, in Bangladesh also components of State-Legislature, Executive, Judiciary do not perform in isolation. But in absence of distinct demarcation in discharge of responsibilities by each of them, serious ambiguities often crop up. As a result, in case of any default, attempts are always made to shift the blames. Hence, in making the state machinery effective, the political leadership should objectively correct the existing overlappings and spell out respective domains. Then again, these should not be

considered a 'once-for-all' determination of allocation of business. Sufficient flexibility should be so incorporated within the state machinery that over time, taking into consideration the changing national, geo-eco-political phenomenon, can fast be made effective. And if all are to be held responsible for respective action(s), then adequate freedom, flexibility and authority should be granted to them. These should be the hall-mark of a dynamic machinery of the future.

In essence, in Bangladesh context, while the size of the State ought to be reduced, it should not be exclusively withdrawn in the spirit of *laissez faire* given her typical characteristics. This argument stands out to be well justified as one analyses Bangladesh situation on the basis of the following (more or less) generalised functional relationship:

Role (and size) of State = f (Ed, C_{pb}, SP_f, CS_{sm}, LG_s, R_{cs/ps}, NI, G_{ts})

where Ed : State of economic development

C_{pb} : Prevalent Politico-Bureaucratic Culture

SP_f : Fundamentals of State Policy

CS_{sm} : Status and Management of Civil Society

LG_s : State of Local Governance

R_{cs/ps} : Role-sharing of GoB with Civil Society/Public Sector

NI : National Interest

G_{ts} : Attainment of thrust sector Goals

In this relationship, 'State of Local Governance' hypothesise that a strong, participatory, decentralised local government will diminish the size, activities of the national government.

Viewed in Bangladesh context, it appears that with a low level of economic development, poor institutional build-up, laid down objectives of the Sate (in the Constitution of the Republic), thrust sector goals, State still has to play the key role. Most of the productive activities may be left to private sector. It bears logic that state should withdraw herself from management of micro and macro

affairs (through local government bodies). But then she has to appear with the role of 'overseer'. Therefore, the typical view of donors, development experts would hold little significance in case of Bangladesh. Rather, in our case State should remain with her present core/position (e.g. Agrarian structure), rationalise her operation in the rest of sectors. May be a judicious mix of GO-NGO-CivilSociety frame could be tried which might be a go-between form.