

Political economy of 'Hartal'

Mamun Rashid

A statistician friend was almost throwing me out of the window, when I told him -- 'most of the quoted numbers with regard to hartal or strike impact is exaggerated and I don't mind occasional hartal.' However, we both did agree that continuous or recurrent hartals may have a devastating impact on business, common people as well as domestic and foreign investment.

It was our late finance minister Kibria, who first tried to figure out the possible economic impact of hartal or strike on Bangladesh economy. Knowing him I thought, he might have initiated a study in his ministry on this. However, I got to know afterwards that though discussion was quite loud, no such study or research was done. However, the United Nations Development Programme (UNDP) in 2005 did a study on the impact of hartal on Bangladesh economy. Akbar Ali Khan in his famous book 'Friendly Fires, Humpty Dumpty Disorder, and Other Essays' did speak a lot on hartals as well as political instability and its possible impact on Bangladesh.

The term hartal is derived from Hindi word 'hat' (market) and 'tal' (tala or lock), which referred to locked market or bazaar 'bondh'. In medieval India, traders on their own organised hartal and in the changed scenario in South Asia, shopkeepers or 'dokandars' are coerced to keep their shops or 'dokans' shut.

As such hartals are not a new subject to Bangladesh. What has changed is their frequency and destructiveness. While in 1947-58 period, the average number of hartal per year including local hartals was 1.5 days, in 1967-70 period 12.7 days, 1971-74 period 12 days, it became 14.4 days in 1975-86 period, 81.6 days during 1987-90 period, 72 days during 1991-94 period, 93 days during 1995-98 period, 110.6 days during 1999-2000 period (source: Beyond Hartals, Dhaka: UNDP, 2005). During 2001-2006 period a total of 173 days of nationwide hartals were enforced, while we could not yet collect the number of local hartals during that period. Preliminary estimate tells us, from early 2009 till date there has been 15/20 days of nationwide hartals.

The UNDP report suggests that, the incidence of hartal in post liberation time is much higher than pre-liberation period. Between 1947 and 1970, there were 67 hartals, whereas the annual average of hartals (71) in Bangladesh during 1980-2000 period exceeded the total number of hartals observed in the then East Pakistan in 23 years. The number of hartals per year showed an increasing trend between 1979 and 2006. There was no incidence of hartal during the interim caretaker government between 2007 and 2008. This trend continued for nearly one and a half years following the landslide victory of Awami League in elections held at the fag end of 2008.

Opinions differ on the direct costs of hartals. According to a World Bank estimate in 2001, economic

losses on account of hartal during 1995-99 period stood at USD 10 billion, the per hartal loss being US\$50 million. Though UNDP estimated the cost of hartal on a longer term basis, however their findings seem to be in line with the World Bank. According to the UNDP estimate hartal on an average took away 4.5 per cent of GDP per annum during 1991-2000 period. The UNDP also thought this figure to have exceeded 9 per cent per annum on three occasions during last decade.

These estimates appeared to me quite unrealistic. To my mind, there are certain sectors like agriculture, mining, electricity etc, which are not at all affected by hartal. I would have thought the hartal scars are more evident on sectors like transportation and retail trade. Even within the sectors vulnerable to hartal, the extent of losses does vary. The losses are less in rural areas than urban locations. Even in some sectors losses during daytime is fully or partially recouped at night. According to Economic Survey of Bangladesh, about 50.4 to 51 per cent of GDP originate in sectors where hartal effect is 'nil' or nearer to 'nil' or which could be easily recouped during non-hartal periods. It is also not pragmatic to think that in the vulnerable sectors, the entire production of hartal days is lost. Most hartals are not enforced at night. Besides, production losses are recouped in non-hartal days or during non-hartal hours of the hartal days. Hartal can't be fully enforced in rural areas too. Added to this, hartal losses in non-metros are also less than that of metros.

The said UNDP report also shows an insignificant positive relation between hartal and GDP growth. Rather it strongly suggested that hartals do not influence economic growth in Bangladesh. Same is the case with estimated dent on GDP growth. The GDP growth in Bangladesh is mostly constrained by infrastructure and energy related constraints rather than political instability.

Having said so, there are three significant indirect costs of hartal. One, political instability marked by violence seriously discourages FDI, as recurrent hartals may seriously dent country's image as an investment destination. Two, political violence hurts the poor more than the rich. The day workers as well as self employed folks can never recoup the hartal losses. Most importantly, hartals create political instability, which creates uncertainty. It also undermines democratic institutions. The associated violence denies basic rights of citizens. There is also a saying, uncertainty is much more dangerous than instability, which does not allow people, entrepreneurs, enterprises to plan for tomorrow or next day and big time impacts the overall stability.

Stability, policy continuity, agreement between the ruling party and the opposition on major policy matters and ability to utilise the combined strength of the nation can create wonders for a country like Bangladesh. A divided nation within almost a homogenous nation is not allowing us to ensure the demographic dividend of the country and other positive attributes.

(Mamun Rashid is a banker and economic analyst. E-Mail:mrashid1961 @gmail.com)