Questioning the Paradigms and Theories Underlying the New Urban Sector Policy of Bangladesh

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Abstract

This paper was prompted by what we contend to be a high degree of questionability of the paradigms and theories that underlie many of the “recommendations” in the draft Urban Sector Policy 2011. The Policy appears to have embraced the neoliberal paradigm of urban planning and governance in its entirety. We discuss the suitability of many of the tools from the neoliberal package in the case of Bangladesh. The Policy also seems to aspire to be the de facto national spatial policy as it devotes significant amount of space to lay out objectives such as “regionally balanced urbanization” and “hierarchical” distribution of urban centres over the national territory. We point out that absence of “balance” and “hierarchy” is a manifestation of socio-economic processes rather than causes of underdevelopment. Furthermore, the recommended tools to achieve these objectives rely on questionable theories. Many of these tools envisage significant government intervention in the economy, both with spending and regulation. Thus the “regional” objectives represent a contradictory paradigm to the (neoliberal) one of municipal planning and governance. In the near future of neoliberal ascendency, many of the tools toward “regional” objectives will likely not be feasible. We conclude with a brief examination of micro-regional planning as a replacement or complement of urban sector policy.

A New “Urban” Policy and Old Questions

The government of Bangladesh recently published online a draft of the national urban policy (titled The National Urban Sector Policy 2011)¹. The process of writing a national policy of urbanization requires careful consideration of a large number of issues. Some such issues are overarching, such as the paradigms of state and society, and the theories of urbanization to be informed by. Some involve more mundane yet important issues, such as who the policy binds upon and how. Between these two lie the consideration of states of affairs in economy, demography, infrastructure, built and natural environment and social issues. These issues need to be considered in totality and in their relationship with each other.

This paper is prompted by what we contend to be a high degree of questionability of the former issues, i.e. the overarching paradigms of urban planning and governance, and the theories of urban structure that evidently underlie the draft Policy recommendations. In addition to questioning each of them separately, we also point out that two of the draft Policy’s objectives (namely, privatized municipal governance, and government intervention in national urban structure) represent contradictory paradigms, and might be difficult to reconcile in practice.

In the process of laying out its arguments, the paper revisits some of the topics that have engrossed planners for many decades. To be precise, this paper touches upon the following points:

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¹ Available at: http://www.lgd.gov.bd/images/pdf/notice/Urban_Sector_Policy_5%20may_pgps_2010.pdf
1. The role of state and private sector in urban planning/management/governance
2. National urban systems/national spatial development strategy
3. Coverage of regional planning in an “urban” policy, and
4. The role and status of policy as a legislative and administrative tool.

These points, in that order, provide a rough skeleton for the paper even though the section titles are worded differently than them.

A Brief Description of the Draft Policy

The draft Policy contains a “future vision” and twelve “objectives”. It identifies 21 major thematic areas (“major dimensions of the policy”) as crucial to achieving the vision, and lists detailed “recommendations” for each of these areas. The “major dimensions” include, among others, the desired distribution of cities and towns over national territory, the question of how to enable and carry out local planning, municipal finance, and a number of objectives inspired by environment and equality of gender, disability status, and the like. As a comprehensive document, the draft Policy reads like a long list of wishes and perceived problems. The vision, objectives, and recommendations in the draft Policy are generally declarative with, probably appropriately for a short document, little attempt to explain the underlying rationale. However, it is not hard to identify the implicit paradigms and theories that inform the policy. In the remainder of this paper, the focus being on the role of private sector and the national urban structure, we mention only those “major dimensions” and “recommendations” that pertain to these themes.

The Draft Policy Embraces the Neoliberal Paradigm

The neoliberal turn in urban policy followed from the global rise of neoliberalism in the sphere of economy and society that began in the 1970s. In the advanced capitalist countries, one consequence of this new paradigm was that the local governments had to become entrepreneurs to attract private investment for local development (Harvey 1989). In the developing countries, a decade or more later, a similar process is being encouraged by the most influential donors and policy advisers. Adopting this framework means that “urban sector” is no longer just about urban housing, infrastructure, and municipal services delivery. It is also about economic growth, and job creation (e.g. ADB 1995; WB 2010). Two key features of this new paradigm are the emphasis on devolved local governance, and the reliance on the private sector. These features require a host of institutions and laws, such as secured land tenure, a capital market, and arrangements for private sector role in municipal services. It follows that good governance in neoliberal framework, almost by definition, is the act of providing these institutions well. This is the primary reason why neoliberal policy prescription so strongly emphasizes good governance. It, however, remains to be seen if good governance alone will increase the economic and social well-being of communities as well as help cities and towns contribute more to national development.

Bangladesh has been going through macroeconomic policy reforms along neoliberal lines since the late 1970s. Subsidies in agricultural inputs have been gradually withdrawn since the early eighties (Ahmed 1998). Several rounds of industrial policies saw more and more sectors opened up for private entrepreneurship while state-owned enterprises were privatized. As a part of the same package, import tariffs were reduced with profound impacts on the pattern and composition of the manufacturing sector in the country (Mahmud 2004).
However in the realm of local government (both urban and rural), Bangladesh never saw what has been called “neoliberal urbanism”. As a country where local governments are weakened since at least the colonial times, they rarely had financial resources or the manpower to plan and develop cities and towns. The urban (as well as rural) local governments lack funds and the ability to generate them. Most of the sources of taxation accrue to the central government. Whatever little taxation the local governments are entitled to, they rarely had the ability to raise even a small portion thereof as they lacked the personnel, and more importantly due to a culture of non-payment of local taxes. A series of municipal services and secondary towns’ infrastructure development projects since the 1980s (financed with loans that the central government incurred) provided the basic physical infrastructure for the towns and medium cities.

The draft Policy is keen to redress this issue of lack of local resources and consequent inability to provide for urban services. One of the twelve objectives reads: “devolve authority at the local urban level and strengthen local governments through appropriate powers, resources and capabilities so that these can take effective responsibility for a wide range of functions.” For many of these functions such as “urban infrastructure and services” (sub-section 5.9.1), “urban development” (subsection 5.2.2), the Policy envisages a significant role for the private sector. It repeatedly calls for private sector development at various points in the document. A quick sample below:

1. private “incubator” in local economic development (Section 5.3: Local economic development);
2. role of private sector in urban infrastructure and services (5.9.1: Provision of urban infrastructure and services)
3. recognition of private sector as a stakeholder in urban development; (5.2.2: Involving Local Stakeholders in Urban Development)
4. supporting legal framework and institutional development for private sector development. (5.2.2: Involving Local Stakeholders in Urban Development)
5. “concession arrangements” as one of the strategies. (Section 5.9.6: Financing Infrastructure Investment)

The draft Policy essentially calls for changes in institutions and rules to facilitate private sector involvement through enabling a market for land, infrastructure and services. In fact the policy recommends the whole host of tools and institutions that constitute the neoliberal urban policy package. Some, such as land tenure reform, are for market enablement while some, such as credit-rating for municipal bonds, are intended as instruments for local government entrepreneurship.

**Pitfalls Ahead**

Policies as grand statements of intent and methodology often lack in specificity. While a number of its recommendations are very specific, the draft Policy is no exception. It can make an impact only via programmes and projects. The wholesale adoption of a neoliberal urban package by the draft Policy warrants notes of caution since the literature reports undesired outcomes. The policy indeed has a long list of benign and well-meaning wishes. However, one needs to be aware of the

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2 The programmes and projects of course include those in “urban sector” and as well as in other sectors that have an impact on the trend of urbanization and quality of urban life. In effect there will rarely be a project that will have zero impact on the issues covered in the Policy.
possibility of benign policies resulting in undesirable outcomes. Some of the recommendations’ have been rarely been observed to be effective elsewhere, while some recommendations can be downright dangerous.

The draft Policy calls for security of tenure. As is well-identified in the literature, de Soto’s (2000) call for security of tenure in face value appears plausible. However, it appears to be ineffective, or at least not crucial in housing improvement or access to mortgage credit (Gilbert 2002). More importantly, trying to implement security of tenure can be a distraction from fighting the deeper causes of urban poverty and accompanying poor housing conditions. Land titling programs in odd cases can even be counterproductive. Where security of tenure was implemented in isolation with other measures, it has occasionally led to eviction of the tenants with improvements in housing conditions (Gilbert 2012).

The downward spiral of competition among municipalities for credit rating and private funds in the advanced capitalist countries is well-known. The precariousness of many urban local governments in North America became painfully evident during the recession that started in late 2007. Bangladesh might appear to be far from the day when the mayor of a medium-sized town will be on his/her knees begging enterprise-owners to bring their show to his/her town. However, it took many North American cities merely a quarter of a century to reach the bankruptcy of the most recent recession. Are we about to see instances of municipal public goods being withdrawn from public in Bangladesh (e.g. a public park given to the highest bidder for running as a business)? Desperation for fund in a new era of municipal finance might very well force many such instances.

Indeed the Policy is not a call for private sector and private sector alone in urban life. It also envisages partnerships with local communities. However, we need to guard against the fact that dealing with private sector is attractive for a number of reasons that include the raw fact that private sector actors are the only party with the funds when the investment needs are substantial. Bureaucratic process-wise community participation is often cumbersome, and thus, prompts governments to shy away from it or do it perfunctorily. Once the private sector is in the partnership, often times the power balance in the negotiations will be tilted toward it (Miraftab 2004). As one city competes with another for investment, corporations may demand more and more rewards (such as tax breaks, free land from urban local government and the like) with the likelihood of moving away from the municipality when incentives run out.

The rationale of private sector involvement has been put forward as cost recovery and efficiency, and supply of capital. New innovations and best practices are evolving to make privatisation work. It appears that the few success stories are in the provision of services on a small scale such as waste collection, water-supply outside areas with piped network, managing public toilets and the like (Tayler 2005). However, the experience of privatisation in large-scale infrastructure such as water services and roads generally raises concerns about cost of service and exclusion of people who cannot afford (Tati 2005). Not many “best” practices have evolved, and replicating the rare successes remains a big challenge.

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3 The extreme situation of having to look for fund in the stock exchange or elsewhere has not arrived for Bangladeshi local governments. The urban governance and infrastructure improvement project offers financial and other help to nearly 50 municipalities. The Municipal Development Fund currently offers 76.5% of the cost of certain projects as grant, and only 13.5% as loan. Moreover, the Annual Development Plan grants money for urban areas too. Thus there are still sources of “easy” money (though a small portion of what is needed) for the municipalities.
Can there be an alternative to what has come to be known as neoliberal urbanism? In the advanced capitalist countries, particularly in North America, policies have gone too far down the neoliberal path to return. In countries such as Bangladesh, where the neoliberal institutions have not yet appeared in every aspect of society, there is hope that lessons from the advanced countries can inform policy decisions. However, seemingly innocuous statements in the draft Policy are paving a path that could usher in heavy reliance on privatized governance and development of Bangladeshi urban areas. The Policy at its worst could be a device for turning municipal public goods into profit-making avenues while leaving out critical social justice considerations.

A Throwback to 1960s Regional Planning

Despite being an “urban” sector plan, the draft Policy puts substantial emphasis and coverage on objectives and strategies that belong in the realm of regional planning, even though the Policy does not label the proposed strategies as “regional”. The draft Policy can be seen to cover two areas:

(a) Regional planning (Objectives A and K)

(b) Planning and governance of urban centers (the rest of the Objectives)

Among the regional planning “objectives” (which are essentially strategies), there are a number of implicit theories that need to be explained.

Objective of “Regionally Balanced Urbanization”, “Hierarchically Structured Urban System”

The implicit theory here is: Hierarchical set of urban centers over national territory is desirable and can be achieved with policies. Subsections of section 5.1 in the Draft Policy (Patterns and Process of Urbanization) set out the specific tools to achieve that hierarchy and a balanced spread of urban centres over the national territory.

The origin of “balance” and “hierarchy” as two desirable characteristics of national urban system is some decades old. The draft Policy attaches prime importance to hierarchical distribution, and goes all the way to “set the hierarchy and label all urban centres accordingly”. Such urgency and strong language in the draft Policy rekindles the issue that attracted so much intellectual energy in the 1960s, yet abruptly lost devotees in the new era of structural reform in the late 1970s. However, we still need to revisit the theories associated with balance and hierarchy, instead of accepting hierarchy as an unquestionable normative ideal.

The idea of hierarchy was introduced to the English-speaking world in 1966 with the translation of Christaller's 1933 work on central places in southern Germany, and the consequent theory that he built from a number of assumptions. Many of the assumptions did not match the reality outside southern Germany at the time. After more than half a century, few of the many assumptions such as “perfect competition”, “equal transportation cost in all directions”, “evenly distributed resources” match reality. The book that is often cited in error to advocate for hierarchy as a desirable, even indispensable goal of policy is E.A.J. Johnson’s “The Organization of Space in Developing Countries” (Johnson 1970). When Johnson pointed out in that book that developing countries were missing secondary cities, he did not claim it as a cause of underdevelopment, but rather a manifestation of it. A cursory look at his policy prescriptions, such as advancement of agriculture, and “creation of agro-urban functional areas” confirms that hierarchy should not have been concluded as a cause.
Christaller’s Central Place Theory (CPT)’s central idea was spatial location of services (including trade), or central functions. It appears the draft Policy sees towns and cities as locations for central functions (e.g. subsection 5.1.1 “recognizes that urban areas will form a network of distribution where each centre will fall into a hierarchy”). The CPT was not offered to explain location of economic activities such as manufacturing and processing. Instead of building a model of distribution of towns from “services”, if towns are thought of as centers of small and medium enterprises (SME) and models are built considering their forward and backward linkages, the most efficient geographic distribution will possibly not end up being hierarchical. In short, Christaller’s search for efficiency in provision of services led to a hierarchical distribution, and that too under strong assumptions. Efficiency in manufacturing and processing in Bangladesh rural conditions need not result in hierarchy, let alone the rigid 6 categories of cities and towns that the Policy sets as one of its main goals.

Taking central place theory as the framework for regional planning in Bangladesh is fraught with both theoretical inadequacy and practical problems. It begs the following questions:

a. Basis of hierarchy: The draft policy uses population as the basis of categorization of urban areas. Can two urban centers of same population size have different central functions? The empirical reality says yes. Using population as a proxy for order/level of central function does not capture reality.

Further questions to ask:

Hierarchy (i.e. categorization of urban centers) in terms of what? Size of population of the urban centre itself? Size of population in the hinterland? Size of the economy? Number of central functions?

b. Purpose of hierarchy: Urban primacy is undesirable because it carries with it problems of injustice, inequality, and “externalities”. However, hierarchy is not the automatic solution. Relevant questions to ask:

Does hierarchy evolve as a result of action in other sectors, or does establishing hierarchy change the economy and society in the desired direction? What purpose does hierarchical distribution serve? Or why is it a must-have?

c. How to achieve hierarchy: The Policy suggests “properly guide migration” and spending on infrastructure. What would be the tools to guide migration? In command economies such as China and Vietnam, a system of household registration (Ho Kou in China, and Ho Khau in Vietnam) tied most households to a rural locality. Still in both countries, the large cities have seen social infrastructure overwhelmed by migration. Instituting such household registration system is unimaginable in Bangladesh. Question to ask:

Is it possible to achieve hierarchy given the constraints of the macroeconomic policy environment?

Overall, with government’s reduced role in a neoliberal macroeconomic policy regime, many of the tools suggested in the draft Policy are not feasible. With less money available to government (because donor money and loans will likely be increasingly channeled through NGOs and private sector partnerships), the tools suggested in the Policy could be difficult to implement. It is likely that only the tools that can be used with private sector participation will be initiated, and implemented.
The Tools for Decentralized Urbanization

Subsection 5.1.2 of the draft Policy calls for “Investments in urban services in rural areas and improved rural – urban linkages and interactions” to “accelerate decentralized urbanization.”

This statement apparently rests on belief in two theories:

Theory 01: Rural economies will grow faster if urban (i.e. central) functions are made available in the rural areas. The theory gave birth to Urban Functions in Rural Development (UFRD) programs (see Rondinelli and Ruddle 1978) in countries such as the Philippines and Bolivia in the late 1970s. It turned out that having urban functions with little demand for them from poor hinterland could not avert stagnation of the central places chosen for urban functions. The provision of services in central places in isolation could not invigorate the economy of the rural hinterland (Koppel 1987).

Theory 2: The promotion (or strengthening) of rural-urban linkages result in benefit for both urban and rural. If “promote” and “strengthen” mean increase of flow of goods, capital, labor, and technology, this belief can be questioned in light of empirical evidence. Increased flow has often resulted in the draining out of resources from rural areas. For example, a new highway often brings the young and most productive people out of poverty-stricken areas rather than bringing economic activities into rural areas with high poverty (e.g. see Blaikie, Cameron, and Seddon 2002). We might add that the literature that accumulated on rural-urban linkages did not result in any policy models except for the fact that it discredited the “urban wage vs agricultural income” mode of thinking. A case in point is the presence of only one chapter on policy model in the compendium “Rural Urban Linkages” that came as late as 2006 (Tacoli 2006).

Insights into rural urban linkages in livelihoods of households, and in flow of goods, capital and services have influenced policy frameworks such as sustainable livelihoods framework. However, may be it was a reflection on the dominant macroeconomic ideology in the international circles that the rural-urban linkages literature did not result in exploration of synergistic rural-urban development. The mainstream set priorities on structural adjustment, and the alternatives slipped out of attention. However, the recognition of the importance of rural development starting in the late 1990s (e.g. Csáki 2003) has opened a new opportunity for synergistic development in rural micro-regions. A policy document with a significant focus on being the national spatial strategy had a great opportunity to usher in change in that direction.

Beyond “Urban” Sector Strategy

In the absence of a national spatial plan, the draft Policy aspires to be the de facto national spatial strategy. The very idea of having an urban sector policy tells us that there is an urban sector, and there is a “rural” (perhaps with the accompanying erroneous assumption of “rural=agricultural”) sector on the flip side. The draft urban sector Policy seeks local development in rural areas, but because of its very starting point, it takes an urban-sided view. Together with thinking about urban centers’ role in the development and socio-economic life of the hinterland (in the manner of Urban Functions in Rural Development programs), it might be useful to think about the role of rural hinterland in the development of urban centers. The concept of functional region (i.e. urban centers and areas in their daily commuting distance) as a planning unit is enjoying some attention with the resurgence of interest in regional planning in the late 1990s. There are evidences of functionally connected areas in rural micro-regions (e.g. Douglass 1998). Maybe time has come for examining the potential of functional rural regions as units for planning.
Because of complementarities, simultaneous planning of “rural” and “urban” makes sense and is worthy of further consideration. The idea of district planning holds great promise in this regard. Instead of considering a hierarchy with six tiers of urban centers as an end in itself, may be planning a micro-region (seen as one or more towns and rural hinterland forming a contiguous landscape supporting a local economy) can offer more sustained development via mutual reinforcement of all economic activities in a region. The well-known obstacles to district level planning are formidable at this time (e.g. conflict with jurisdiction of parliament seats, and the central bureaucracy's desire to keep itself important and therefore not allow strong local government at the district level). However, changes can happen rather quickly. In what could be a sign of the times, the Finance Minister of Bangladesh committed to offer district level budget in 2010. He published necessary background papers to justify and prepare for district level budget. The national budget of 2013-14 is accompanied by a district budget for the district of Tangail. Indeed a district budget is a top-down allocation of sector-specific funds, and not a bottom-up micro-regional plan. Nevertheless, it is an important first step. District level planning is not as radical as it once seemed.

**Conclusions**

The legal status of the draft Policy has not been explained at this point. It appears that for now it is a ministerial decree from the Local Government Division. With the Division having all urban and local governments in its purview, the document still has considerable sway. However, a large number of government agencies' activities that the Policy seeks to coordinate (for example, roads and highways, agricultural departments including agricultural marketing) are housed under other ministries and divisions. The vision and goals of the Policy are influenced by virtually every government policy in every sector. In that sense, any policy (especially the ones with a spatial component) is a part of the de facto national urban policy.

It is often argued that just for the sake of gaining acceptance and support, and retaining implementability, policies should not be too radical. For example, a radical idea would be to discard a separate policy for the so-called urban sector in favor of a combined spatial plan at smaller sub-national geographic levels. However, in the absence of such a territorial/spatial development policy, the urban sector policy is the only document that can serve as the beacon for programs and projects. The legal standing of the Policy may have to be raised so it influences government activities in other “sectors”.

We in this paper, however, were interested in the paradigms and theories. The draft Policy has embraced contradictory paradigms by encouraging private sector involvement in urban governance, and by adopting the regional development theories from the 1960s and '70s. The latter is a remnant of a development paradigm that assumed heavy government involvement while the view of greater involvement of private sector in “governing” (as opposed to planning and development) urban areas is borne of the neoliberal paradigm.

Both positions are untenable on the grounds of theoretical inconsistencies and practical experiences briefly described here. The Policy has opportunities to put its weight behind carefully considered ideas. Indeed, with holes appearing in neoliberal urban policy and with new regional planning possibilities in a de-agrarianizing rural setting, there is room for new ideas. Even in a country as centralized as Bangladesh, micro-regional planning is not as radical an idea as it was only a decade ago. It is no less radical than inter-municipality competition and accompanying rating for credit-worthiness in a country without even a functioning stock exchange!
References


