

Growth and poverty reduction in Bangladesh

WHAT does Bangladesh need to escape the poverty trap for good? The answer is: accelerated and sustained economic growth, which is specifically designed to pave a road out of poverty for more than 60 million Bangladeshis. The Government of Bangladesh has made accelerating poverty reduction its central objective. The country is currently reassessing its poverty reduction strategy through a broad consultative process. This is the first of three articles intended to contribute to the strategy formulation process. These articles discuss the relationship between poverty reduction and economic growth, how economic growth can be accelerated, and how it can be designed so that poor people will reap its benefits.

SALMAN ZAIDI, RINKU MURGAI

DURING the 1990s, Bangladesh achieved reasonably good economic performance. The growth rate averaged about 5 percent per year, and with reduction in the population growth rate, this translated into average growth of 3 percent per capita, twice the contemporary gains of low and middle income countries.

Bangladesh also saw significant poverty reduction over the same period of time. The most commonly used measure of poverty is the "head-count" rate, or determining the proportion of the country's population whose level of consumption falls below the poverty line -- the level at which basic human needs are met. Similarly, the extreme poor are defined as those whose consumption level falls below the lower "extreme poverty line". Estimates computed for Bangladesh following this methodology show that poverty declined by about 9 percentage points over the nineties (Figure 1), from 59 percent in 1991-92 to 50 percent in 2000 (extreme poverty fell from 43% to 34%).

Growth and poverty reduction scenarios

The data on economic growth and poverty reduction during the 1990s can be used to determine the growth rates required to achieve poverty reduction targets in the future. Poverty declined by an average of 1.1 percentage points a year between 1991 and 2000, while average per capita GDP grew by 3 percent a year. The relationships between growth and poverty reduction in urban and rural areas during the 1990s and the expected change in the urban-rural composition of the population were used in order to project poverty trends in Bangladesh until 2015 under alternative growth scenarios. The analysis indicates that if Bangladesh is to meet its goal of cutting the current poverty rate by half by 2015, it will need to raise its GDP annual growth rate to over 6 percent on a sustained basis (Figure 2).

Impact of rising inequality on poverty reduction

The same data, however, indicate that over-all economic growth alone does not guarantee that a significant number of poor people will be able to escape poverty. For Bangladesh to see a significant reduction in the number of poor people, growth must be aimed at empowering the poor. However, growth to date in Bangladesh has been unequal. Although poverty, as measured by overall consumption and income, declined equally in both urban and rural areas in the last decade, average per capita consumption increased much faster in urban areas -- 27 percent compared to 16 percent in rural areas. In fact, alternate measures of poverty -- which focus on the depth and severity of poverty -- suggest that rural areas experienced greater reductions in poverty than urban areas. What does this contrasting performance across the two sectors explain?

Income inequality -- both within and between the urban and rural sectors -- rose considerably in Bangladesh over the decade. Urban areas had much higher growth in average incomes, but the growth was largely concentrated among the relatively affluent, considerably increasing inequality. A similar rate of poverty reduction in rural areas, despite slower growth, appears to have been relatively broad-based and more pro-poor.

The growth-incidence curve for Bangladesh during the nineties (Figure 3), which shows the growth rate of real per capita consumption for different groups ranked by level of income, illustrates clearly how the top-fifth of the population experienced considerably higher increases in income compared to the rest of the population. Had growth benefited all groups equally, poverty would have declined by 17 percentage points, or almost twice the observed decline over the period. For poverty reduction, what matters is not just high growth (the main subject of the second in this trilogy of articles), but also the question of who benefits from this growth (the main subject of the third

article).

Continuing challenges for poverty reduction

Although the progress on poverty achieved during the nineties is heartening, particularly since similar survey-based estimates indicate a virtual stagnation in poverty during the eighties, the overall incidence of poverty (50 percent) in the country remains very high. The total population living below the upper poverty line in 2000 remained virtually unchanged (at about 63 million) compared to that of 1991-92, while the population living below the lower poverty line declined from 45.2 million in 1991-92 to 42.5 million in 2000.

Despite better progress in reducing extreme poverty in rural areas, most of the poor continue to reside in rural areas. By all consumption-based measures, poverty in rural areas is higher than that in urban areas; in 2000, the rate of extreme poverty in rural areas was twice as high as in urban areas (37 percent vs. 19 percent). Combined with this is the fact that in Bangladesh, overall, an overwhelming share of the poor (85 percent) live in rural areas.

Bangladesh has been achieving moderately good economic growth, and there has been a healthy downward trend in the incidence of poverty, although not in reducing the absolute number of poor. As respectable as Bangladesh's economic growth rate has been, however, it will have to be raised to over 6 percent per annum if the country is to achieve its poverty reduction objectives. In addition, the progress in growth and poverty reduction has been marred by an increase in inequality. If the pattern of growth can be made more pro-poor, Bangladesh will see a greater poverty reduction impact from the growth it achieves.

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Figure 1: Poverty Reduction during 1990s

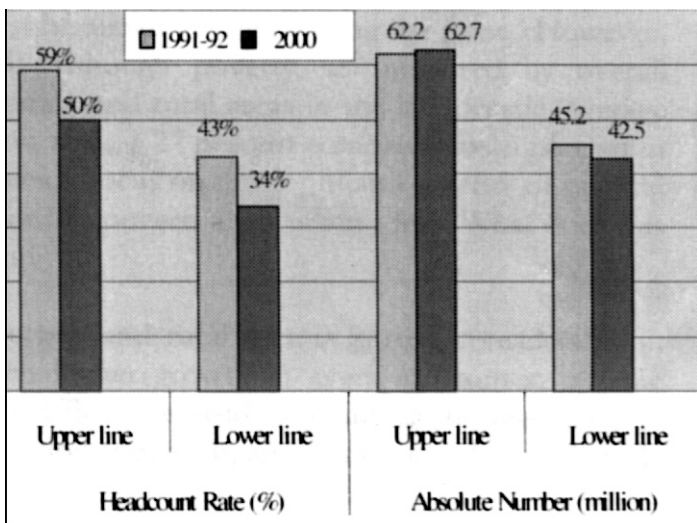


Figure 2: Poverty Projections under Alternate Growth Scenarios

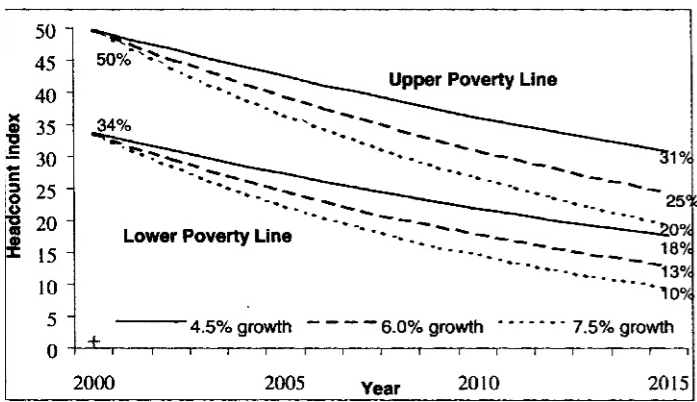
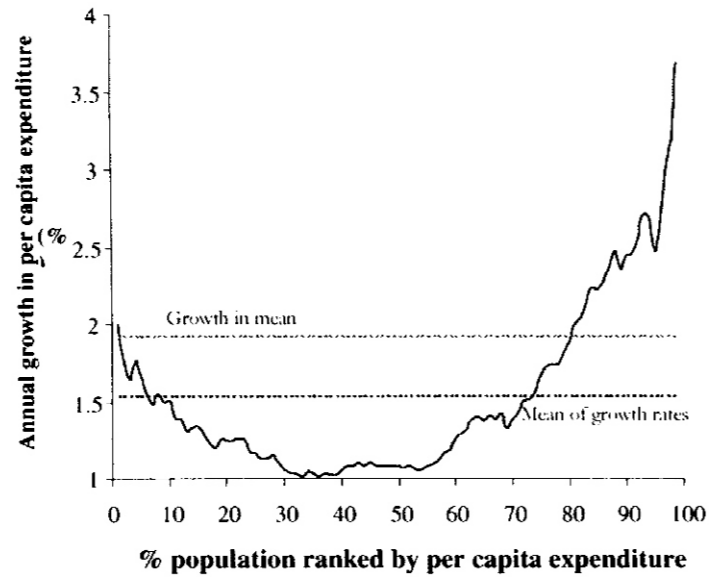


Figure 3: Growth Incidence Curve for Bangladesh, 1991-92 to 2000



The region and beyond

NAZIM KAMRAN CHOUDHURY

MOUUD Ahmed is a rare phenomenon in Bangladesh, a politician who writes. His three previous works are a virtual textbook history of the nation, starting with the creation of Pakistan through the birth of Bangladesh. They deal with our troubled infancy, military interventions and the ultimate fall of an autocrat. They were written with an insider's eye, as he was a witness to many of the events, from his student days to his positions of authority in different administrations. Though a party politician, he has strived to present a balanced view, often in conflict with the party he belonged to at the time. His latest work, "South Asia: Crisis of Development. The Case of Bangladesh" is however, a departure from his earlier works as he says in his own words, "The books I have so far written mainly touched issues on Bangladesh. This time I wanted to look beyond".

Indeed he does, with a clinical analysis of our neighbours and ourselves, of the colonial legacy from which we came and what we are today. He asks why is it that in spite of "inheriting from the British a strong system of administration, a proven judicial system, English as a language for an immediate international exposure in trade, business and diplomacy and an elite class of highly articulate political leaders, South Asia remains one of the poorest regions of the world". A part of the answer lies in the lack of leadership or role model from India, the predominant power of the region. In one chapter the author describes the internal problems and performances of the nations of South Asia. On India he says, though it is a country of vast resources, it is still in a state of underdevelopment. He blames the Nehru led founding leadership's fondness for economic policies based on the Fabian theory. It led to restrictive government regulations and the growth of state involvement in business eventually creating the largest government on earth. In short, it failed to be the economic engine that could have pulled the region towards prosperity.

In another chapter the author speaks of inter-state conflicts. Here too he lays the blame largely on India. He thinks that India's policy towards its neighbours was, from the beginning, guided mostly by negative considerations, and that she was reluctant to accept the principle of sovereign equality in her dealings with them. He deals with the causes of the India's psychosis vis-a-vis Pakistan and vice versa, that has led to the Kashmir conflict and the nuclear proliferation in the region. Not only are these issues an impediment to any collective effort for regional development, but also are a major security threat to South Asia and the world. He examines in details Bangladesh-India relations from a

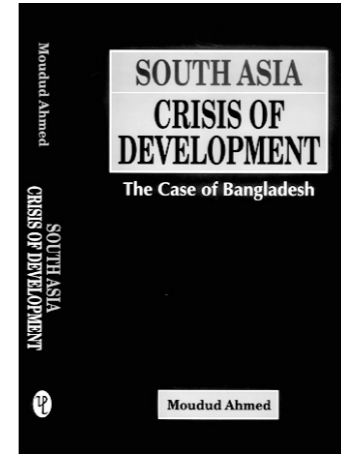
historical perspective, showing how the goodwill of the liberation war turned into subsequent discord both within and outside of the two governments. His writings on the 25-year Friendship Treaty, Farakka and water sharing are illuminating. He speaks of changing Indian needs and priorities in regard not only to Bangladesh, but also in its own northeast region where insurgent activity has intensified in recent years. Unfortunately, though he addresses pressing issues between the two nations, he is silent on the question of Indian accusations of ISI sponsored camps in Bangladesh for the different northeastern insurgency groups. One would have thought that with his long tenure in government the author would be able to shed some light on this issue.

On the economic side the author looks east. He wonders why South Asia, whose economy fifty years ago was above South-East Asia,

other hand lack of democratic practices within the political parties may give rise to democratic authoritarianism".

In the same chapter the author talks of corruption that is embedded in the very roots of the social fabric. "The whole social contract is based on patronage. In the distribution of state largesses, favours, contracts, jobs and businesses, the client-patron relationship plays the most important role...The state being the largest repository of wealth, greed for power to dominate and distribute that wealth has made politics a gainful profession". In the absence of systems of accountability and transparency corruption will continue and crimes in the political arena will continue to rise. "Rather than being driven by the cause of the people and their well being, politics tends to become motivated by individual selfish interest".

The author, who is the present



BOOK-REVIEW

South Asia: Crisis of Development --

Moudud Ahmed

The University Press Limited
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has lagged so far behind. He provides detailed statistics, figures and tables comparing economic indicators of South Asia with countries such as South Korea, Thailand, Malaysia, China and others. Though South Asia has abundant raw materials, it remained trapped in its own created mess. One argument put forward is that countries of South-East Asia that have moved ahead were greatly authoritarian, implying that some authoritarianism is necessary for development. But this does not hold true if we look at Pakistan, which has hardly had any democracy, or Bangladesh, which had military rule for 15 of its first 25 years. Though the author exposes the realities of the situation and asks the right questions, he does not provide many answers.

In my opinion, one of the most interesting chapters in the book deals with politics and state management in South Asia. He notes that assassinations and killings of leaders has been one of the characteristics of the region. He says, "These deaths not only affected the existing leadership and the party the person belonged to, but changed the course of political history of the societies concerned. They led to the birth of dynastic politics in South Asia, retarding the growth of real democracy and democratic institutions". He observes that the rise to power of almost all the contemporary leaders of South Asia has been by heredity rather than through any democratic process. He goes on to say, "A healthy growth of political parties is an essential precondition to developing good democratic institutions. On the

Minister for Law and Parliamentary Affairs, writes that in order to guarantee the rule of law all countries of South Asia have relied on written constitutions that are similar in their basic structure with the British parliamentary system as the mode of government. The fundamental objectives of all these constitutions guarantee human rights that are enforceable by the highest courts, but the author observes "It is not the making of law but the enforcement of law that is crucial to sustaining a healthy civil society".

He says that the tendency to misuse or abuse law is common and those in authority talk of law but in practice do not abide by it. "In the political sphere, pressure from the rank and file, and from sycophants and cronies, personal greed and an authoritarian mentality lead those in power to undermine the law and the institutions. In the process, they install themselves above the law and conduct themselves in a regressive manner". It will remain to see what the author in his present capacity will do to rectify and correct the ills he has identified.

It is obvious that the author has written this book for an audience beyond Bangladesh. His chapter on Bangladesh as a case study is a re-hash of our recent political history that he has already greatly covered in his earlier works. I fail to see its relevance in relationship to the other chapters unless he was trying to explain our country to overseas readers. There are also other pieces in the book, such as the detailed write up on the Chittagong Hill Tracts that could have been abridged. The tendency to address to many diverse issues

could have been curbed with tighter editing which in turn would have kept the main issues in closer focus.

The book concludes with the author looking at the future of South Asia. He says "The authority of the central government of India, under coalition governments for many years to come, will weaken further and the rise of Hindu fundamentalism will not work to keep India together". He sees India in a more federated structure with individual states gaining more control over issues normally handled by the central government. He does not see Pakistan faring any better and demand for greater autonomy will continue to grow in its individual provinces. "With its shattered national economy and the burden of having nuclear bombs, Pakistan's own viability as a state has now come under close scrutiny." However, he sees the future of South Asia linked with the future of India. The world expects it to take a leadership role. India should take the lead in rolling back its nuclear programme and put pressure on others who have weapons to the same. Both India and Pakistan should try for a solution to the Kashmir problem based on full autonomy within the framework of their respective constitutions. He sees India's leadership of South Asia as crucial and feels that if they cannot rise to the occasion, they will only have themselves to blame. The USA can also help by encouraging India to resolve these issues and have place along with China and Russia in world affairs. Pakistan should also be assisted to become a viable state that can play an important role in South and Central Asia.

The author observes that Bangladesh stands in a unique position both from the nature of its composition and its geographical location to take a leadership role in the region. But to do this, Bangladesh has to achieve a breakthrough in its economy. India is a reality that Bangladesh must accept. "Instead of looking at India with suspicion on every issue, it should develop its programmes with confidence...If Bangladesh gains economic strength that will be the best safeguard for its own security". The late President Ziaur Rahman, when he initiated the concept of SAARC, had envisaged Bangladesh as a bridge between South and South-East Asia. The author finds this still holding true. He wants to take this further and in support offers a number of options within the framework of SAARC economic blocks on a sub-regional basis. He gives his views on our gas reserves and what our options are. Finally, he also offers a number of suggestions to our political parties to adopt in order that she does not continue to lag behind other countries of the region. Should the political leadership fail, "the country will plunge into social disorder, chaos, anarchy and criminalization, civil strife, political instability, geographical divisiveness and ultimate disintegration, leading to a subjugated statehood". Indeed, words on which to ponder.

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Muslims in 'tolerant' Britain

ANGELA ROBINSON

UNDERSTANDING of tolerance is something we British can be proud of after we have apologised for the centuries during which some of our practices were anything but tolerant.....!

For the British have learned tolerance the hard way, partly through our own history and partly through listening to accusations of snobbery, cruelty, indifference and racism and being honest enough to admit that, very often, our accusers were right. I hope we have proved we have learned from past mistakes because now it is 'politically correct' to be trying, very hard, to avoid such attitudes. I was brought up, very firmly, NOT to be a snob and I am ashamed to see the social snobbery that exists in this society and wonder how much comes from your own culture and how much you picked up from the un-reformed British.....!

There are still pockets of racism in the UK but most people are deeply ashamed of them and the police and law courts usually act quickly and effectively. If they do not, there are, in many places where we have minority communities, associations representing them, who do not hesitate to protest. Recently, such a group, chaired by a black Bishop, analysed the reasons for the collapse of the case against those accused of murdering a 10-year old Nigerian boy (the accused were young boys who were more recent immigrants than he was) and located certain weaknesses in our judicial system so this was less likely to happen again. (There can be racist problems between the different racial groups who have settled in the UK.) The UK is far from being perfect in its treatment of its minorities but we are working on it rather hard, actually.

When I was last in the UK, I heard a report by a young man, who, like myself, is a Congregationalist Christian minister. He has a church in a Lancashire town called Oldham. There, with the closure of cotton mills, has been a lot of unemployment and, suddenly, there was an outburst of race riots i.e. they were primarily racially, rather than religiously motivated. It seems as though white racists had been taunting Asian youths whose patience snapped and they began fighting back. The riots were quickly suppressed and most people were very shocked that this could happen. Then, in typically British mode, they became very serious about facing the problem and doing something about its causes. This minister and his little church felt that the two faith communities lived too much in isolation from one another and agreed that he should try and make friends with the mullah of the local mosque and his congregation. This proved a great success and the two congregations shared social and cultural events and food! They enjoyed each other's company and are growing in mutual understanding. I have to say that I am shocked that this is not the norm in Bangladesh. To me, such relationship-building is an essential part of a society that claims to be 'tolerant'. Tolerance is an active and not a passive virtue. But then, I am aware that that is a very 'British' thing to say!

However, British tolerance has 'drawn the line' at some cultural traditions among some UK Muslims. Like other nations with Muslim minorities, we are discovering, often with the help of our more enlightened Muslims, that there is such a thing as bending over backwards so far to be tolerant that you fall over! The UK Government has now 'drawn the line' on some issues and one in particular ie the way in

which some families put young people under such pressure to marry that those marriages are not merely 'arranged' but 'forced'. This is unacceptable to British law and custom.

In the UK, the principle that marriage should be a free choice of both parties, is taken extremely seriously. The people and press have reacted with great concern to the evidence that some young British Asian girls have been taken to their home countries for what was said to be a 'holiday' but which turned out to include a 'forced' marriage. Sometimes the girls were under-age. Now the UK Government has declared, "Arranged marriages according to your culture yes! Forced marriages no!" Despite protestations from certain Muslims that the UK government is 'interfering in our culture', this is being insisted upon and girls and women are offered legal advice and, if necessary, sanctuary, from families who are abusing their influence over them in order to over-ride their right, protected by law, to say, "No!" to marriage.

A few months ago, a British Asian teenage girl was informed by her family that she must marry, who was visiting the UK. At first, she refused. Then her mother said, that, if she did not marry, she would bring shame on her family and she (her mother) would commit suicide. The marriage took place and lasted two weeks. The girl went to court. The judge declared the marriage null and void, on the grounds that a teenage girl cannot be considered to have given her 'free consent' to marry if her mother threatened suicide if she didn't!

I must point out that it is very much part of the Christian faith that women should be free to say "No!" not only to a particular marriage but being married at all! The right of the

virgins and the widows not to be married, or re-married, was established very early in the Christian era, and houses of security were made for them. Some of the women came from leading families. These houses for single women were the fore-runners of convents and they preserved the right of the women concerned to be protected, often against the rage of their menfolk who thought they were out of their minds if they did not wish to be married! The high walls of convents were not to keep the women in but to keep the men out. Such places rapidly became centers of learning because many of the women wished to continue the life of educated women which they were usually not allowed to do in domestic circumstances.

Many secular people in the so-called Christian countries have lost this respect for those who choose not to be married (or to have a sexual partner) but the principle of the woman's right to say "No!" to a man has been enshrined in law for the benefit, also, of women who may not be Christians.

There are other ways, also, in which British 'toleration' has aroused the protestation of the better sort of UK Muslims who have informed some organisations that they have been very naive when appointing chaplains and warned them not to be so vulnerable to extremists.

To be a tolerant society is not easy. We can only be tolerant within certain parameters what I call 'the washing-line' theory. We need to 'peg' our thinking between certain points -- for there is such a thing as 'beyond the end of the washing line' i.e. what is totally intolerable! Beyond those parameters, we are no longer on the straight line between them and our thinking, like our washing, falls down! There will always be fierce debate, in any

society, about the extremes nearest the parameters and that is healthy. A washing-line is a good example of creative tension. But if the parameters are drawn too close to one another, one no longer has a washing line!

People need to be as free as possible to think and practice their beliefs so that they, and their societies can mature. People of faith have to grow up -- or they dry up or blow up! There will always be those who claim that there can be no discussion that our beliefs give us guidelines that are set in concrete. But life is more complicated and interesting than that. Moreover, we are only human and must practice the humility that comes from needing to work out, in every generation, what it means to be a person of faith. Putting our beliefs into practice, in a world that was (almost?) unimaginable at the time our holy books were written, demands the highest skills of our best scholars and constant debate and argument. Tempers may be lost with some people claiming that the world will go to the devil if their particular point of view is not found acceptable but we have to go on talking, within our faith communities and between our faith communities.

We are surely called to take the chunk of ore that we are given as our lives and beat out its impurities between the anvil of received wisdom and the hammer of the reality of life today. Our young people are asking questions that demand an answer they can relate to. If we do not, or cannot, communicate with them, they will walk away from their faith communities in disgust.

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