

# Equity essential for long-term growth

FRANÇOIS BOURGUIGNON and SHANTAYANAN DEVARAJAN

LAST week's United Nations World Summit focused attention on the plight of poor countries. To reduce poverty, should these countries focus on faster growth or on reducing economic disparities? Is economic growth faster with high or low inequality? The World Bank's 2006 World Development Report, *Equity and Development*, published this week and prepared by a team led by Francisco Ferreira and Michael Walton, makes the case that this commonly-asked question is misguided. In the long term, efficiency and equity are complements, not substitutes.

Equity is not the same as equality. By equity we mean equality of opportunities, where opportunities are the factors that make it possible for people to generate a certain income and achieve a certain level of well-being. In an equitable society, all have the same opportunities to pursue a life of their choosing, whether this in terms of acquiring an education, obtaining credit, finding a job or participating in the public debate, regardless of their country of birth, the wealth and social status of their parents, or their gender, race, caste, ethnicity or social class. The distribution of incomes, education levels, wealth and other assets will typically be unequal in an equitable society, because people differ in the effort they make, in their desire to bear risks, or in the way they process information. Such inequality of incomes is not only acceptable, but often desirable for the incentives it provides.

What is not acceptable is inequality that derives from lack of opportunities and discrimination. A lower-caste girl born in the slums of Mumbai faces a grim future, unlike a boy born to university-educated parents in a well-heeled neighbourhood of the same city, or the vast majority of people born in the developed world. An AIDS orphan in rural Zambia will have fewer opportunities than a child of privilege in the capital. Citizens of developed countries live on average about 20 years longer, get at least six more years of schooling and have better health, and choose from a wide range of options to fulfil their potential than their peers in low-income countries.

The huge differences within and between countries are not only morally unacceptable; they also hamper growth and poverty reduction. While there is no

**Equity needs to be brought back to the centre of discourse and action in poverty reduction and economic development. Equity matters not only for its own sake, but for its role in shaping a dynamic, innovative and efficient economy both at the national and at the global level.**

systematic relationship between income inequality and growth, in the WDR 2006 we argue that equity and growth are, in the long run, complementary. Greater equity fosters greater prosperity.

There are two main reasons why equity is good for growth. First, lack of opportunities harms initiative and deprives societies of the talent and efforts of some of its members. A poor woman who would like to set up a small shop will generally have a hard time finding credit and may never start the business, however profitable it may be. Bright children from disadvantaged castes may never get a chance to go to school. Poor farmers without access to crop insurance grow safer but less profitable crops. More equal access to credit, education, insurance, and so on would lead to greater growth.

Second, equity is good for growth because societies with an equitable distribution of resources tend to have more equitable political arrangements -- where a majority of the citizens, and not just an elite, participate directly or indirectly in public decision-making. In turn, societies with more equitable political systems have better economic institutions -- for example, better protection of personal and property rights, greater rule of law, less corruption -- that lead to faster growth. This is illustrated powerfully by the contrasting historical experiences of North and South America.

If equity is such a good thing, then why are many societies deeply inequitable? Societies that start off with an inequitable distribution of resources tend to put in place inequitable economic and political institutions. So inequity is perpetuated across generations, because elites control power and capture the benefits from economic activities. This is not only unjust; it is economically inefficient. Elites that capture power to their own benefit prevent large parts of the population from realising their economic potential

and therefore slow down the progress of the whole community towards a healthy and prosperous life.

While history is important in determining equity, change is possible. Indeed, history is full of examples of governments effecting change, spontaneously when reforms good for both equity and efficiency are available, or in response to political changes. Where there is a political base for action, many policies and programmes can extend opportunities to the poor. But expanding equity so as to foster growth can also require actions that limit elite capture: opening up the financial system, reducing the concentration of market power in certain sectors, controlling the negative consequences of corporatism, ensuring transparency and accountability of government action at the central and local level, and so on.

These recommendations apply to poor and rich countries alike, but rich countries have the additional responsibility to support reform of global markets to stop discrimination against poor countries and reform of global governance to give them greater voice and participation. The debates during last week's UN Summit, as well as uncertainties over the Doha "development" round, underline the need for the rich countries to sustain their commitment to a more equitable world.

We believe that equity needs to be brought back to the centre of discourse and action in poverty reduction and economic development. Equity matters not only for its own sake, but for its role in shaping a dynamic, innovative and efficient economy both at the national and at the global level.

François Bourguignon is Senior Vice President and Chief Economist of the World Bank. Shantayanana Devarajan is Chief Economist of the South Asia Region of the World Bank. Equity and Development is available at [www.worldbank.org/wdr2006](http://www.worldbank.org/wdr2006).

## INTERNATIONAL DAY FOR THE ELDERLY

# Social development, family and elderly persons

MD NURUL ABE DIN

FAMILY is the basic institution of human society. Families existed right from the very dawn of civilisation. Anthropologist Mardock has observed 250 societies right from the nomads to the developed industrial societies and found the existence of the families in each of them. Mardock has defined family as a social group characterised by common residence, common economic co-operation for the welfare of its members and reproduction.

### Social development and family

As stated earlier, family is the basic social unit which gives rise to the society and ultimately to the State. Families constitute the societies which, in turn, constitute the State. In other words, families are the roots on which stand the edifice of the State. Stronger the root, stronger is the edifice. Weaker the root, weaker is the edifice. From this analogy, it can be deduced, without any fear of contradiction, that disciplined families lead to the emergence of disciplined societies and ultimately to the disciplined States.

The question of social development naturally comes to the forefront when such is the situation. But it is to be recognised that the concept of social development is a comprehensive as well as a complex one. It attempts to view human beings as central to the scheme of things. It is the sum total of all political, economic, spiritual and cultural achievements of a society. Breakdown of family as an institution and its norms, values, ethics and morality in the wake of materialism, modernisation and change of value system are the problems which if not resolved soon, threaten not only to disintegrate nations and societies but also endanger humanity and life support system.

Disintegration of family, if at all, will give birth to social disharmony, disruption and disintegration of society through erosion and destruction of social values. Concerns for social disintegration are more pronounced even in developed countries where the slogan "back to basic" is gaining ground in recent years. The socio-economic system that evolved both in the East and the West was woven around families as basic social units. There is the global realisation now-a-days that the families should look after everybody including the elderly, in good or bad times, based on the philosophy of "caring and sharing". Here the terms "caring and sharing" are very important in the sense that the younger members of the families will take good care of the elderly members and share their experiences in different spheres of life.

In other words, the elderly persons can act as advisers for bringing about social development in areas where families are located and even beyond in greater social milieu. Younger members of the families can reap good harvest of their presence in the family simply by taking good care of their needs and showing proper respect to them. It is to be recognised that these elderly persons, while young, made significant contribution for the betterment of the lot of the families and as such they deserve sympathetic as well as respectful treatment from the younger generation at their old age.

Today's young men and women are tomorrow's elderly persons and the cycle will move on in this fashion till eternity. There is an adage that "if you do not show respect to your seniors, your juniors will also not show respect

to you." If the present-day youngsters do not take good care of the elderly persons in the families, they themselves may be subjected to neglect and apathy when they grow old.

### Response of international community

Response of the international community and GOB to the needs and welfare of the elderly persons has been very positive. The official observance of the International Day of families on 15<sup>th</sup> May as proclaimed by the United Nations General Assembly coincided with the international year of older persons, 1999, and provided the opportunities to highlight the role of older persons and the inter-generation dimensions of families in the context of demographic ageing. ESCAP also proclaimed 1993-2002 as the Asia-

according to population projection, this number will grow throughout the present century. According to the statistical pocket book, 2003 as revised up to January, 2005, life expectancy at birth for both sexes stood at 64.9 in 2002. It is expected to rise with the passage of time mainly because of improvement in medical science. This is why it is high time that the government, private agencies as well as the individuals themselves become aware of and make effective preparations to deal with this new phenomenon.

There is an association of elderly persons in the country known as Forum For the Rights of the Elderly, Bangladesh (FRE.B). The objective of the Forum is to establish the rights of the elderly people (i) so as to enable them to live in dignity and remain so, to the extent possible, with the physical and

and other awareness raising activities including observance of International Day for the Elderly.

(vi) To assist formulation of National Policy for the Aged, and its adoption and implementation by the government.

(vii) To recognise elderly people as senior citizens of the country with necessary benefits and concessions for them.

Ageing in Bangladesh is less focused, less documented and less researched. Basic needs of the elderly are seldom met. It is a sad commentary that the elderly people both in the rural and urban areas are not at all knowledgeable about the nutritional value of the food they consume. The majority of the rural elderly live in absolute poverty, and they suffer from the cumulative

indicate the national consensus and commitment for cash support to the elderly poor people. The amount of allowance per elderly person per month has been increased from Taka 100/- during 1998, to Taka 165 during 2004-05 and to Taka 180 during 2005-06 and will further be increased to Taka 200 during 2006-07 as is evident from a news item appeared in the Daily Sangbad dated 9<sup>th</sup> August, 05.

Presently only 15 lakh poor elderly people are enjoying the benefit of this allowance. Regulation of Boyaska Bhata stipulates that a person must attain the age of 65 to be eligible to receive this allowance. According to the census of 2001, the number of people aged 65 and above in this country, is 80 lakh 49 thousand and 680. It means that 65 lakh 49 thousand and 680 poor elderly people still remain outside the purview of this scheme.

The Boyaska Bhata scheme is implemented by the Ministry of Social Welfare through the Directorate of Social Services (DSS), Upazila Social Welfare Office and Union Council. The UP Chairman and Members are involved in the primary selection of the recipients and the list is finalised at the Upazila Social Welfare Office. The recipients are female and male elderly people from each ward in rural areas. The allowance is disbursed quarterly through approved banks. There has been complaints of manipulation, favouritism and even politicisation in the selection process. Mostly illiterate as the rural poor people are, the local touts also play foul game at the disbursement of money. Previously, attempts are made to put their evil practice to rest but without any success. Local party cadres and musclemen are involved in the process. I am afraid, this malady in the selection and distribution process cannot be resolved without the intervention of central political high command.

### Conclusion

It is to be remembered that again of an individual is a complex phenomenon and as such it is associated with the biological, social, psychological, behavioral and above all economic changes of human beings. People, in the elderly ages, thus, develop multi-dimensional vulnerability of which the economic one dominates most and intimately leads to their poverty. Hence, well-being of the elderly population has special significance for Bangladesh particularly for achieving its Millennium Development Goals (MDG).

Dissemination of the knowledge of the economic, cultural, social and demographic process affecting families, initiation of family-oriented projects, introduction of family legislation, holding of seminars/workshop on family policies and organisation of cultural festivals can be the major events of the Elderly Day. But, I am afraid, the cherished objectives cannot be achieved if these activities remain confined to a day only. These activities should be carried on throughout the year at the family, societal and state level in whatever scale possible. These, I am sure, will then usher in awareness among the community, government leaders, politicians, the lawmakers and the members of the families about the paramount need to make the families the cohesive force for the survival and maintenance of a well-knit disciplined society where both the younger and older generation can make their humble contribution towards its socio-economic development.

MD. Nurul Abedin is a former Secretary to the government.

# Disaster within a disaster

RON CHEPESIUK

WATCHING the Katrina disaster unfold, I wondered if Uncle Sam's friends around the world were as embarrassed as I was at what transpired. The images coming out of New Orleans and the deep South USA, America's poorest region, didn't reflect the traditional can-do attitude of the great country I have known since coming to the USÉ permanently more than 30 years ago. In Katrina's aftermath, what we saw was a dysfunctional system that is more like one in a struggling Third World nation rather than what we've come to expect from what is supposed to be the greatest power in history.ÉIndeed, the images were a hubris check for many Americans.ÉKatrina showed that their country can have all the money, all the technology, all the know how in the world-and it does-- but it doesn't mean a damn thing if it doesn't have leadership to run the show.

No thinking American should have any doubt now that Bush is unfit to be Commander in Chief of the American Empire. The federal screw up with Katrina was so big that all of Bush's spin masters couldn't put his carefully crafted image back together again. Humpty Dumpty truly had a great fall.

The Republicans, led by their tatchet man, house leader Tom Delay, tried aggressively to pass the buck and deflecting the blame on to the local leaders -- the Louisiana governor and the New Orleans mayor.ÉBut the American media for once refused to serve as stenographers for power. The mounting heaps of evidence showing that the fault for the disaster within the disaster lay with Bush's administration overwhelmed the Bush apologists who were forced to change their strategy. Now is not the time to lay blame, they said, hoping that the American public's short attention span would help them ride out the political storm.

The Katrina mess was tied to another Bush administration disaster his foreign policy. The Bush team insisted the growing mess in Iraq had impeded the rescue and recovery effort, but other US government officials, in unusual moments of candour, revealed otherwise. Lieutenant General Steve Blum, Chief of National Guard Bureau bluntly told the Associated Press that the absence of the Mississippi's National Guard's 155th Infantry Brigade and Louisiana's 256 Infantry Brigade hurt the recovery effort.ÉTheir expertise and capabilities could have been brought to bear," The general said.

How convincing was the conclusion that the Katrina rescue and recovery was a disaster of a bureaucratic making? Bush, a president who is never wrong, who never admits mistakes and who never holds any one in his administration accountable for blunders, finally had to cut his political losses and strip Michael Brown, FEMA's embattled director, of his duties

**INSIDE AMERICA**  
**His numbers in the popularity polls continue to fall, as they should, given his continued incompetent handling of domestic and foreign policy issues. So the big political question is whether Bush has enough time to restore his credibility with the American people and save his failing presidency.**



Katrina disaster

involving the relief effort and ship him back to Washington.

A week earlier, Bush had praised Brown for doing "a heck of a job." Yet, the public could see as the disaster within the disaster unfolded that Brown was out of touch with what was happening in New Orleans. He actually blamed the victims in flooded New Orleans for their dire situation because they did not leave. He didn't seem to be know -- or in his haste to shift the blame --, simply ignored the fact that many of New Orleans residents were too poor to own vehicles or didn't have the money to get them to safety. So clueless was Brown that he didn't know that the people stuck in the New Orleans convention centre didn't have food or water.

The press revealed that Brown had padded his resume concerning his experience with emergency preparedness. It turned out Brown is one of many unqualified political appointments in the Bush administration. This is serious stuff, considering that Bush has claimed we are at war with terrorism and he has maintained that he has strengthened homeland security.

But the American public shouldn't accept Brown as the Bush administration fall guy. Plenty of evidence has been uncovered, showing that the fault

lies higher up the bureaucratic chain to at least Michael Chernoff, head of Homeland Security.

You won't hear Bush rhetorically asking the American people, as he did in the 2004 election -- Are we safer today than we were before 9-11? Instead, Bush has cut his losses and publicly admitted to the American people that he had screwed up his handling of Hurricane Katrina. In the long run, this may be the best move made by Karl Rove, Bush's puppeteer, since the American people are suckers for redemption. Maybe we will see George Bush, Jr. on American television with his own down home cooking show Ala American entrepreneur Martha Stewart who has been released from jail and is now on the high road to redemption.

But his numbers in the popularity polls continue to fall, as they should, given his continued incompetent handling of domestic and foreign policy issues. So the big political question is whether Bush has enough time to restore his credibility with the American people and save his failing presidency.

Ron Chesepiuk is a visiting professor of journalism at Chicago University and a Research Associate with the National Defence College.

### Situation in Bangladesh

We, in Bangladesh, at one stage, thought of segregating the elderly people from the families and keeping them away in a new place called "Shanti Nibash" or peaceful abode. With this idea, the government even established six such homes in the six divisions of the country. Later on, good sense prevailed upon the government which then laid more emphasis on the family integration of the old and converted the "Shanti Nibash" into the Safe Homes where women and child convicts are lodged for reformatory purposes.

It is to be noted that the elderly population has been growing fast in Bangladesh. It is one of the twenty developing countries with largest number of elderly population. The present size of the elderly population in Bangladesh is around nine million and

mental fitness and in a situation free from worries and anxieties, (ii) to secure a place for them in the national development activities, within the framework of national socioeconomic development plan, by harnessing their rich experiences and (iii) enable them to secure basic necessities of life.

But sheer formulation of the objectives will not result in their achievement unless backed up by proper strategies and planned activities. FRE.B, no doubt, has certain strategies and planned activities. Notable among them are:-

(i) To take cognisance of human rights, including those of the elderly, as enshrined in the Constitution of Bangladesh, in the Principles and Plan of

Action adopted by the UN in the first World Assembly on ageing in Vienna in 1982 and in those adopted by the second UN World Assembly on ageing issue in April 2002 in Madrid, Spain.

(ii) To stimulate and strengthen the government initiatives to ensure the welfare of the elderly.

(iii) To conduct training programme for the community and religious leaders as well as the primary health workers on ageing issues and elderly problems.

(iv) To develop special home health care providers (Home Health Assistants) particularly for the rural area to provide services to the physically handicapped and/or lonely aged persons.

(v) To hold rally, seminar/workshop

of the elderly population in Bangladesh reveals that aging will become a major social challenge in the future when a considerable resources will need to be directed towards the support, care and treatment of the elderly population. Although children and other close relatives not living in the household can provide strong support, but rapid out-migration coupled with poverty can morally disrupt the fabric of intergenerational caring and reciprocity.

is why most elderly persons depend on the family support. The care and support provided to parents are usually in the form of shared housing, food and other necessities and less often in the form of direct transfer of income.

Health care system at various tiers up to upazila level is designed for the general population and is traditionally focused on mothers with children under five and women in the childbearing ages. However, the utilisation of these facilities is very low. Until now,

number of elderly population through existing health care facilities. Old age diseases are demanding diagnostic equipment, long duration of hospitalisation, treatment and rehabilitation. This would pose new challenges for our existing health system.

National policies need to incorporate the issue of aging and appropriate support mechanisms for older people into the mainstream of their social, economic and health planning. Policies for employment, health, transport and

When more children are sharing the cost of supporting the elderly, the burden may not be great; however, if one couple has to support four grandparents, who, in addition, may live longer in the future, the cost may be excessive. Besides, the heavy family burden may create some inner-family conflicts and worsen intergenerational relations. Because of migration and poverty the family will not support most of the elderly in future. How much the burden of caring for elderly population can be transferred from the family to the community or to the government depends on the importance attached to caring for the elderly, economic situation and policy for the elderly population of Bangladesh. The current Boisko Bhata scheme is a beginning but certainly too inadequate to meet basic needs of the elderly population who are extremely poor.

Although any attempt to predict the direction of future socio-economic changes is involved with uncertainty because of fragile economy, the increase in the size of Bangladesh's aging population in the near future will be challenging one. Therefore, the government must take the aging of its population into account in socio-economic planning. The possible policy options may be the programme that enhances traditional support, encourages able elderly population to participate in income-earning activities. Families alone do not have the capacity to provide the care and support for increasing number of elderly population. Government and NGOs should consider policies and programmes to facilitate and strengthen family support.

Professor M Kabir of the Department of Statistics, Jahangirnagar University is Vice-President, Forum for the Rights of the Elderly in Bangladesh.

# Elderly care in Bangladesh: Challenges ahead

PROF M KABIR

AGING, which can be defined as the proportion of elderly population aged sixty years and above, is an emerging issue in Bangladesh. Although in Bangladesh again is at its early stage compared with developed countries but due to falling fertility and increase in life expectancy aging population will increase in the future year. Bangladesh will face many difficulties in managing these challenges because of many factors such as poor economy, changing social and cultural norms, and inadequate health care facilities for the elderly population. Today about 6 percent of the population are elderly, by 2025 one in ten persons will be elderly. There will be more elderly women the elderly men because of the difference in the age at marriage between husband and wife.

In Bangladesh poverty remains widespread about one third of the population living with an income less than one dollar a day. Bangladesh's cultural traditions have resulted in a strong extended family system upon which older people have traditionally relied for their support and care. However, the traditional form of family support for older people has been weakening due to formation of more and more nuclear families. The decline in the ability of families to provide income care will decrease because of poverty.

In the context of Bangladesh where the majority of older people live in absolute poverty after a lifetime of deprivation, old age is likely to mean ill health, social isolation and poverty. Most of the older women are widows and are most vulnerable in society. Many older women, an estimated 42 percent over the age of 60 years, are widow and rely on relatives and neighbours for their livelihood.

The trend in the size and growth rate

the needs of the elderly people have not been considered to be a major issue in Bangladesh. The country has neither separate health care provision nor infrastructure for elderly population. There is only one non-government organisation (Bangladesh Association of the Aged and Institute of Geriatric Medicine) in the country that explicitly addresses the health problems for this and particular section of the population on a limited scale in Dhaka city only.

One of the major financial burdens facing the family is related to health care. The increased longevity of the population means health problems of the elderly are likely to grow as well. In the past, the elderly were not considered a specifically vulnerable group because of their proportion and absolute number were not large enough to consider special measures for providing medical care for aging. The current statistics suggests that there is an immediate need to look after increased

social care should take account of the needs of the elderly population. In the rural areas, the problems of health care for the elderly are even worse. Those who visit health centers encounter typically very long queues, and providers rarely had time for detailed examinations. Reducing queues at government health facilities, increasing contact time with the providers, and strengthening outreach services will not be an easy task.

In 1976, Bangladesh government introduced two-child family policy, which has a major impact on the kinds of support systems parents expect to foster. The policy eliminates the tendency towards large families, affects the system of social security that depends on children's support of elderly parents. With the emphasis on two-child family norm, there may exist more and more family structures characterised by two grandchildren being shared by four grandparents.