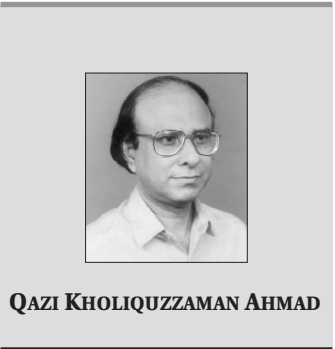


Inequality and poverty in Bangladesh



QAZI KHOLIQUZZAMAN AHMAD

NOT so long ago growth in total and per capita gross national income (GNI) was generally used as the main indicator of development. But over the past three decades or so the issues of income distribution and poverty have increasingly come to the forefront. Poverty reduction is now the buzzword at the United Nations agencies including the World Bank and the IMF, regional development banks, and other international and regional organizations. The developed countries are also concerned about global poverty. In the developing countries, poverty reduction is enshrined as the principal goal by the governments. Civil society organizations are also vocal and active in the field of poverty reduction.

The Millennium Development Goals (MDG) of the United Nations centre around poverty eradication and most developing countries have prepared/or are preparing their national poverty reduction strategy papers (PRSPs). Following the MDG target of poverty reduction, the PRSPs generally set the target of

halving the poverty ratio by 2015 in relation 1990 (or a more recent year). However, GNI growth, total and per capita, is still used a lot, particularly by the governments to indicate their successes or otherwise. Obviously GNI growth is essential so that the cake is larger for the people to share. But, its equitable distribution is critical for sustained, accelerated poverty reduction.

The reality is that, in the wake of free market and globalization, initiated in pursuance of the Washington Consensus formulated by the World Bank and IMF in the mid-1970s but gathered momentum around the world since the early 1990s, disparity has been accentuating both globally (i.e. between the rich and the poorer nations) and within nations (i.e. between the rich and the poor). Thus, while poverty reduction is the talk of the world, inequality has been sharply increasing on the ground.

A recent UN Report (*The Inequality Predicament: Report on the World Social Situation 2005*) has identified the glaring economic-social-political inequality as the key predicament in the fight against poverty. Regarding income inequality, globally one billion people living in the developed world own 80 per cent of the world's gross domestic product, while the overwhelming majority, a total of 5.4 billion, living in the developing countries have to make do by sharing the remaining 20 per cent. Within the developing countries, the income disparity between the tiny rich minority and the rest of population is glaring and increasing.

Indeed, despite unprecedented

BEHIND THE FACADE

Given the high prices of food stuff (particularly of the main foods of the poor: coarse rice, fish, spices, vegetables, onions, salt, oil etc.), other basic consumer essentials, and healthcare and other services on one hand and extremely low incomes on the other, about a third of the population lives precariously and another 20 per cent struggles to make both ends meet. At the same time, poverty reduction rate is very low.

increase in global wealth and national income increases at reasonable rates in many developing countries, poverty persists at high levels in developing countries around the world. More than one billion people in the world live on less than one PPP US\$ and another 2.7 billion on less than two PPP US dollars per person per day. The PPP US\$1 a day is so little an income that hunger stares is the face of the people below it, and those who are even on twice that income are also extremely hardpressed to make both ends meet. Abstracting from income focus, if human dignity is considered as the poverty line, overwhelming majority of world's population would be poor.

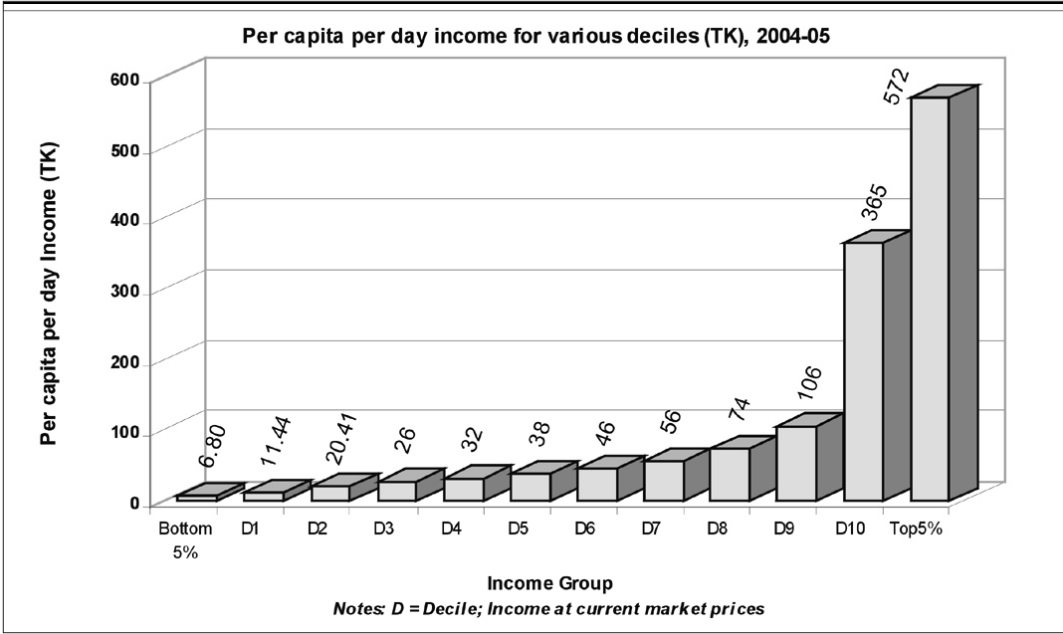
Let us now consider the pattern of income distribution in Bangladesh. The country's average per capita gross annual income is very low at Tk.28,430 at current market prices (US\$ 466) as of 2004-05, and income distribution is highly skewed and worsening. However, the most recent data available on income shares received by different deciles of the population are for 2000. Similar data are also available for 1995-96 and 1991-92. (See Bangladesh Economic Review 2000 and 2005, Ministry of

Finance, Government of Bangladesh)

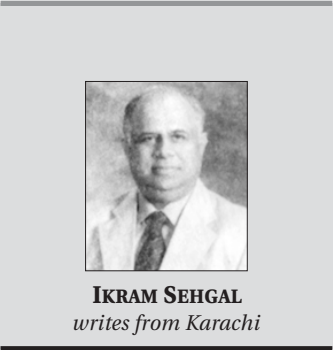
The steeply worsening income distribution can be gauged from the following information. The national income share of the richest 5 per cent of the population increased from 18.55 per cent in 1991-92 to 23.62 per cent in 1995-96 to 30.66 per cent in

2000, while that of the poorest 5 per cent declined from 1.03 per cent (1991-92) to 0.88 per cent (1995-96) to 0.67 per cent (2000). The disparity between these two segments of population increased from 1:18 (1991-92) to 1:27 (1995-96) to 1:46 (2000). Income distribution has certainly worsened significantly

since 2000. Unemployment is rampant (about 40 per cent) and incomes of marginal and small farmers, agricultural labourers and of those employed in rural non-farm, often rudimentary type, activities, urban informal sectors, and lower-level jobs in semi-organized and organized sectors including the



The spirit of the nation



IKRAM SEHGAL
writes from Karachi

MANY people are comparing the spirit of 2005 to 1965! They are right, forty years later almost to the day, the whole nation has again united as one. The odd voice raised in protest is in fact an oddity! Every setback provides an opportunity. Visited with a disaster of unimaginable magnitude, and coping with it with the combined will of the nation as one entity in bringing succour and relief to the survivors, alongwith burying the tens of thousands dead the country has now set in motion plans for the future for the living.

The first priority is to keep relief and rehabilitation apart, there is a tendency to mix the two to the detriment of both. The debris requires to be cleared, the dead are still to be extracted and buried, delivery of tents, blankets must continue apace. Almost 30-35 percent of this effort has to be managed in almost inaccessible areas. Rehabilitation must follow swiftly but in a planned manner. The President has announced the formation of a Rehabilitation Authority. The towns and villages in the affected areas have been mostly destroyed, very few partially damaged structures remain. More important, the basic civic infra-structure, local government administration, water and sewerage lines as well as telephone and electricity lines, are almost non-existent.

The easy way out for administrators and relief agencies is to hand out money to individuals and local governments for re-construction. This may be the human thing to do, it would be also the wrong thing to do, like throwing money down a well. In a logistical nightmare, relief supplies are stacking up in some areas and not reaching remote, inaccessible mountain villages. Money would never be enough, and in the circumstances could never re-create the original to the owners/inhabitants and/or give them a reasonable means to a livelihood.

Take stock of the challenge, nearly 2.5 million people have been affected, over 80 percent live in rural mountainous areas. In consultation with renowned foreign and local town planners and architects, the authority must evolve a master plan for the affected area. This must include total re-construction of towns/cities on a fresh design. It should be codified by law that the buildings must be earthquake-proof (with hollow blocks), as was done for Quetta after the 1935 earthquake. Expertise can be obtained from earthquake-prone areas such as Japan, Turkey, etc.

The destroyed towns and cities were

AS I SEE IT

One can only hope that the government will pay heed to practical solutions bringing long-term relief to earthquake affectees and rehabilitate them effectively so that in a way that they do not continue to live on the dole for all time to come, refugees in their own country.



laid out haphazardly without any real town planning, in most villages (and many towns) the basic conveniences of running water, sewerage, electricity and telephone communication, etc never existed in the first place, and if they were they have been destroyed. The entire infra-structure network has to be laid afresh. Everyone generally knows who owns what and the size of property thereof, in many cases records will be available. Temporarily all property must be resumed by the State, then re-distributed to the affected on sizes equal (or bigger) than what they previously owned, wherever possible more or less on the same locations. The State will thus avoid accusations of property being taken away without adequate compensation.

Sustainability of life requires that there has to be an immediate and long term means for income for the survivors. Our mountains are no less beautiful than Switzerland, or the Alps in Italy, France, Austria and Spain. The major means of income for such areas is from tourists who need modern apartments with facilities to stay in. Rental income for the locals is increased manifold by tourists spending in restaurants, shopping at stores, etc. Two-storey houses must be made with at least two, three or four bedroom apartments. Each family should be given legal possession of this two storey structure, which should have a reinforced basement. The family could live in one of the apartments and rent out the others apartment/s on long and short term hire. Instead of creating one new Murree project, create a 100 (and even more) new Murrees. Of course the housing projects should include shopping malls built on modern design. Families who

owned shops should be given ownership of shops, either to start their own business or to rent out, a long term means of revenue generation.

The master plan must have modern schools, colleges, community halls, medical clinics, hospitals, fire stations, police stations, law courts, etc. The schools and colleges should be with hostels and given on lease to the major school/college chains in the country to run, the rich may pay a reasonable amount but the poor will be on a grant, whether they are residents or non-residents. For long term medical relief the hospitals planned should be large and well equipped, there should even be specialist and teaching hospitals, e.g. orthopedic, pulmonary care, psychiatric care, etc. Built to futuristic standards, living accommodation could house foreign volunteers to come and work for long periods.

Each town, each village site must be selected with consensus of local inhabitants. Buildings for local government machinery including administration, law courts and police station must be built to modern standards, with wide roads, recreational parks, playgrounds, etc. In the meantime, for some time people need to be housed, the government has already initiated setting up tented villages both in the mountains and in the plains. More than three million live in one giant tented city on the plains of Arafat during Haj, it has already been suggested that the Saudi expertise should come in handy. Each tented village can have population of about 10000-15000 each, with community centres. These must be given adequate security.

Where will the money for such "grandiose" schemes come from? Let us distribute tents, blankets, food and medicine flowing in but save the

money donated for rehabilitation. Once the master plan is ready, countries and NGOs can be approached to adopt towns (even part of) and villages for re-construction. There are some individual philanthropists, NGOs and other organisations that have advertised that they will build earthquake-proof houses, etc, this generosity needs to be channelised. Our Arab brethren as well as own business community can contribute directly with money or build directly as per the Master Plan, blocks can be named after the donors.

Relief will be an ongoing process for some time, rehabilitation has to be undertaken over years. This is the time to tap into the world's generosity and take irrevocable financial commitments for the projects. As cement and steel manufacturing goes up to meet housing starts, as roads and bridges are widened or newly laid to cater for increased traffic flow, skilled and unskilled labour will be required, etc the economy will be resuscitated. A rough master plan must be ready in a fortnight or so, with detailed designs being ready in the next 60-days, and pre-positioning of material to start in the next 120-150 days.

My article "Coping with disaster" was neither prophetic nor was I being clairvoyant, it just took stock of what could happen and what was required. One can only hope that the government will pay heed to practical solutions bringing long-term relief to earthquake affectees and rehabilitate them effectively so that in a way that they do not continue to live on the dole for all time to come, refugees in their own country.

Ikram Sehgal, a former Major of Pakistan Army, is a political analyst and columnist.

Communal politics: Climax and downfall

ASGHAR ALI ENGINEER

COMMUNAL politics, being highly emotional, is heady and creates strong illusion of success. Those who indulge in communal politics create emotional hysteria among their followers. However, every observer of such politics knows that such hysteria does not last long and disappears as quickly as it creates such hysteria. It is like strong heady wine. We in India have had many experiences of such emotional politics.

The best example is that of partition hysteria. The Muslim League had no concrete programme of action. It had one point programme: creation of Pakistan. The direct action day resulted in massacre of thousands of people. Well, Pakistan did come into existence at the cost of one million lives and it could never become a democracy, let alone a stable democracy. And soon Muslim League disappeared from the scene, a Party which created a country did not survive longer than a decade. Even when it was revived later during Zia-ul-Haq's time it could not capture the imagination of the people. It remained almost a dead horse. It was Pakistan People's Party (PPP) which became very popular in late sixties and early seventies.

Pakistan was also a heady wine for a section of Muslims in pre-independence India. But it did not bring any concrete benefit to Muslim masses. Only the elite benefited. It is important to note that though communal hysteria is created in the masses but it benefits politically and economically only the elite of the community. The masses are ultimately left high and dry. Masses are made to believe that the movement is for them and they often sacrifice their lives under that illusion. After the hysteria they realise that they were used as an instrument.

When I was investigating the Ahmedabad riots of 1981, which deeply affected the dalits too, some dalit leaders told me that 'now we have understood the game of the BJP and they use us as instruments for their politics. Now we will refuse to become their hatha (instrument) and kill Muslims'. But communal politics is quite heady and these poor dalits again became their instrument in 1992 and 2002.

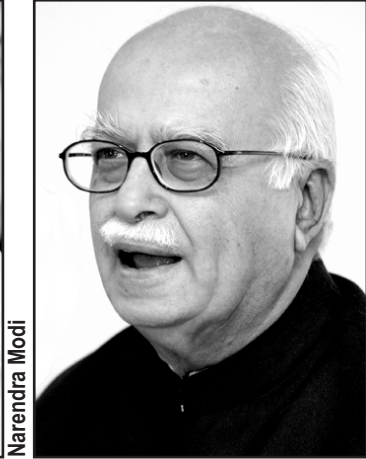
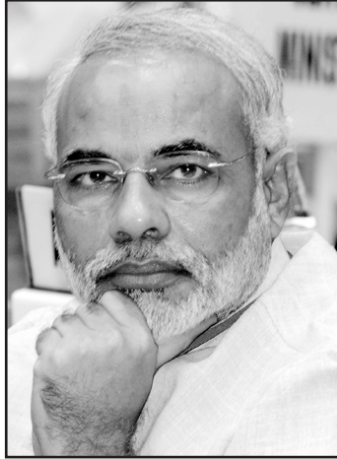
The late eighties saw communal politics at its height in India. The BJP which had adopted sober programme in 1980 (of secularism and Gandhian socialism) lost 1984 elections very badly and could get as less as two seats in Parliament. Then the BJP began to play communal game with a vengeance and by 1990 created a hysteria among the Hindu masses (especially the OBCs and Dalits) on the issue of Ram temple. The slogan mandir wahin banaenge (we will construct Ram temple there only i.e. at the site of Babri Masjid) successfully created mass hysteria along the Hindus and a sense of great insecurity among Muslims.

The BJP began to touch new heights, especially in the Hindi heart-

land in 1990 when L.K. Advani took out Rath Yatra for arousing mass hysteria among the Hindus. Many secularists had then pointed out that the Rath Yatra was undertaken to counter the promulgation of the implementation of Mandal Commission as its implementation had created great enthusiasm among the lower caste Hindus and they were going to lend massive support to Mr. V.P. Singh, the then Prime Minister and the BJP wanted to win over these low caste Hindus. The BJP had no economic or welfare programme for them which V.P. Singh had so it played the mandir card to create mass hysteria among them.

You need an 'other' and particularly a 'religious other' against whom

From great hero Modi is fast sliding towards political oblivion. People like Advani or Narendra Modi have nothing to be proud of nor will they ever be remembered for any positive contribution towards greatness of India.



such a hysteria can be created. For Muslim League it was the Hindu and for the BJP the Muslim. Muslims were transformed into an enemy, which need to be attacked. Muslims were projected as descendants of Babar who was an invader and so the slogan babar ki aulad jao Pakistan aur qabrastan (O! children of Babar go to Pakistan or to graveyard). Muslims could be easily targeted as there is long history behind that and so it was easy to create a mass hysteria against them.

Mr. L.K. Advani became an instant hero and wherever he went during his rath yatra he attracted large number of people. And not only Advani but also other leaders like Sadhvi Rithambara and Uma Bharti who became star attraction as they spewed poison against Muslims and Rithambara did in even sexually suggestive language. Also, there was background to it. The people of India were tired of long Congress rule and the Congress leaders became synonymous with corruption and Mr. Advani and others projected the Congress as a "party with a difference", a clean party which could provide alternative to the Congress misrule. And Muslims were projected as the "pampered minority and responsible for keeping the Congress in power.

Thus Muslims could be doubly targeted in creating a mass hysteria. They were children of those who demolished their temples, particu-

readymade garments industry (where a worker receives about Tk.1000 a month) are very low.

On the other hand, the rich are making a lot of money through their market power and, not infrequently, through shady deals and black market operations. Their burgeoning affluence should be obvious if one looks at the huge modern shopping malls and eating houses in Dhaka and other large cities, the flourishing highly costly private education, luxurious private cars on the street, etc. In fact, the richest 10 per cent of the population has increased its national income share sharply, while the other 9 deciles, particularly the bottom deciles, have experienced declines.

There are indications that the income distribution has worsened faster since 2000 compared to the 1990s. But, in the absence of more recent data, I have extrapolated the national income shares of the various deciles for 2005 on the basis of the trends estimated from income shares as of 1991-92, 1995-96, and 2000. The share of the richest 5 per cent of the population increases to 36.98 per cent and that of the poorest 5 per cent declines to 0.44 per cent. The income shares of the 10 deciles from bottom up are (in per cent): 1.48, 2.64, 3.40, 4.10, 4.90, 5.90, 7.30, 9.50, 13.65, and 47.17.

Applying the projected 2005 income shares to the GNI (in current market prices) and population of 2004-05, I have computed, for the year, per capita per day income of different deciles of population. The total GNI for 2004-05 is Tk. 3,894,660 million and the total population 138

million. The per capita per day income of the richest 5 per cent works out at Tk. 572 while that of the poorest 5 per cent at Tk. 6.80, which imply that the income of the richest 5 per cent is 84 times that of the poorest 5 per cent. The detailed results are shown in the Bar Chart.

Given the high prices of food stuff (particularly of the main foods of the poor: coarse rice, fish, spices, vegetables, onions, salt, oil etc.), other basic consumer essentials, and healthcare and other services on one hand and extremely low incomes as shown in the Bar Chart on the other, about a third of the population lives precariously and another 20 per cent struggles to make both ends meet.

At the same time, poverty reduction rate is very low. The poverty ratio on the basis of food energy intake declined from 44.7 per cent in 1999 to 42.1 per cent in 2004 (Bangladesh Economic Review 2005, p.165), implying an annual average reduction rate of 1.2 per cent (or 0.52 percentage point per annum)

Given the above mentioned reality relating to income disparity and along with it the accentuating social and political disparity and very low poverty reduction rate, the nation's socio-economic future is in the doldrums unless disparity can be brought down to tolerable levels and poverty reduction sufficiently accelerated quickly.

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cannot be thought of otherwise. But that is not the only reason for Advani's exit. But the Jinnah controversy provided an excuse which the Sangh Parivar was looking for.

Mr. Narendra Modi's fate is no different either. He also used the technique of mass hysteria to win the Gujarat assembly elections with two-third majority. The whole Sangh Parivar celebrated his victory and Modi began to be projected as a role model for entire Parivar. The young leaders of Sangh Parivar even said that 'we have found a model for winning elections (i.e. massacre minorities, create hysteria and win elections) and we will use this model to win elections in other states.'

But soon they were in for a shock. Let alone others Narendra Modi began to loose his following among his own Party members. The mass hysteria soon evaporated and Narendra Modi's dictatorial ways alienated his followers. The dissidents from his party are now demanding his resignation or removal from the chief ministership of Gujarat. His communal oratorical skills are of no help to him. So far he has been protected by Shri L.K. Advani but now Mr. Advani himself is in serious trouble.

Thus from great hero Modi is fast sliding towards political oblivion. People like Advani or Narendra Modi have nothing to be proud of nor will they ever be remembered for any positive contribution towards greatness of India. If anything they will be remembered for causing deaths of hundreds of innocent people through their provocative speeches. Even Shri A.B. Vajpayee is not likely to go down in history as a sober statesman though he aspires to be one. He failed to show courage of conviction to take action against Narendra Modi when he was provoking carnage against minorities.

The fate of Shiv Sena, another communal outfit from Maharashtra is no different. It once proudly claimed to be the only genuine Hindutva party and Bal Thackeray even claimed publicly that his boys struck first blow at Babri Masjid. Today Shiv Sena is in deep trouble. It also came to power by trashing minorities and was responsible for Mumbai riots of 1992-93 which had, like the Gujarat riots of 2002, had shaken the conscience of the whole nation.

Bal Thackeray's hold on the Marathi people has been seriously weakened. His followers whom he took great pride in, are deserting him. It is a sinking ship now. Its vote base is being fast eroded. It may soon find itself on the margins of Maharashtra politics. Its strongholds are crumbling.

Thus it will be seen that a political party can survive on communal fare not for long. Like a heady wine it goes up fast but then declines even faster. Such parties do not have any base or even ideals to claim people's support. Hate politics has serious limitations.

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