

Poverty ascent and descent



and about one-fifth had upward mobility. The agricultural sector now provides livelihood to 50 percent of rural workers against 65 percent in 1988. Agricultural labour households declined from 25 percent to 19 percent. The research also reveals that half of the heads of rural households shifted the sector of primary occupation during 1987-2007, indicating substantial occupational mobility in rural Bangladesh in the medium and long-run.

Poverty up, poverty down

The poverty rate was estimated at 47 percent from the data from a 2007 survey. It is definitely less than the levels of the 1970s or the 1980s, but 4.4 percent more than the 2004 level. The latest increase is attributed to sharp increase in food prices, especially of rice, in 2007. Since the low-income households spend almost half of their income on rice, the economic situation deteriorated for those who could not adjust their income.

The increase in poverty was higher on account of households that are on the poverty threshold, as shown by the sharp increase in the index for moderate poverty. The index of extreme poverty declined even during this period, although at a smaller rate. This could be due to various safety-net programs targeted for this group.

Ascent and descent

Almost 10 million rural households (30 percent of the total), with 56 million people, seem to be trapped in poverty. That is, they were unable to rise above the poverty line (always poor) over 1987-2000. This measure of chronic poverty improved to 21 percent in the following four years, but deteriorated again to 28 percent in 2007. Thus, it can be argued that chronic poverty or poverty trap afflicts one-fourth to one-third of the rural households, leaving no light at the end of their long economic tunnel.

However, as reported by researchers, the rate of exit from poverty is more than twice as high as the rate of entry into poverty over 1988-2000, and almost 50 percent higher during 2000-2004. Unfortunately, the situation worsened with more moving in than moving out during the last leg of 2004-2007. The importance of maintaining stability in the price of staple foods for economic stability of low-income households is demonstrated by the sharp impact of the recent food crisis on poverty.

By and large, and including the transitory poor with the chronically poor, almost two-thirds of the households passed through poverty at some time or other. On the other hand, about half of the households reported that they had never been struck by poverty (always non-poor), compared to 29 percent from the objective analysis for the 1988-2000 panel, and 36 percent in the 2000-2007 panel. The qualitative response shows that about 20 to 25 percent of the household moved in and out of poverty due to shocks experienced by economic turmoil and natural disasters. Their livelihoods are mostly led by "luck."

Why ascent or descent?

Poorer households experienced larger percentage income gain than the richer households, leading to gradual convergence of income across households over time. This finding is in line with the evidence of partial conditional convergence of income found in other developing countries as well, such as Indonesia, South Africa, Spain, and Venezuela.

Income growth is conditioned by, in order of magnitude, number of members working abroad, increase in accumulation of land, increase in the number of earning members in the non-farm sector, accumulation of non-land assets, and increase in the number of agricultural workers. Each additional year of schooling of earning members added about three points faster growth in income over that period.

The descent (downward economic mobility) is mostly due to demographic (large household size) and health and natural disaster related shocks. Households that experienced external shocks, natural or man-made, had 23 percent negative growth in income during both periods.

The events that may trigger movement to above poverty line within the rural livelihood system include increase in endowments of factors of production, occupational and geographic mobility, improved physical infrastructure, and changes in household demographics. Conditional on the initial endowments of natural, human and physical capital, households are expected to stride out of poverty as they shift from farm to non-farm activities; their earning members acquire more education and skill and gain access to improved technology and infrastructure.

Among significant differences in the initial endowments are the following. The movers during 1988-2000 had larger average initial landholding (0.36 hectares) than the chronic poor (0.25 hectares); greater amount of initial agricultural capital (\$93 compared to \$68); much greater amount of initial non-agricultural capital (\$83 compared to \$28); more non-agricultural workers (0.62 persons compared to 0.42 persons) and higher average education of workers (3.58 years compared to 1.72 years).

The incidence of negative shocks was less for the movers than the chronic poor. Negative income shock may contribute to the persistence of poverty in several ways. First, it may lead poor households to disinvest assets that they could have used as collateral to access the formal credit market. It can in turn undermine their capability to accumulate capital. It is evident that the increase in either agricultural or non-agricultural capital was negligible for them over the period of observation.

In the event of negative income shock, poor households may cut down expenditure on nutrition, health, and education, to the utter neglect of human capability needs and to the detriment of the likelihood of moving out of poverty in the longer run. We find that the chronic poor households started out from a comparatively disadvantageous position with a very low average level of education of earning members.

The movement of agricultural labourers into tenant cultivation fell short of enhancing the probability of exit from poverty partly due to the unfavourable terms of trade of agricultural products during the period under observation. The unequal distribution of operational landholding might yield increasing returns to large farms only.

Occupational mobility of the labour force from farm to non-farm-based activities has traditionally been rewarding in enhancing the growth of rural household income. How far such dynamism in the rural livelihood system has contributed to poverty alleviation has remained far from understood.

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Popping the question is tough

READER Karuna Menon showed me a questionnaire from a chain of bookstores. It asked: Which of the following best describes your marital status?

- a) Single
- b) Married
- c) Other
- d) Refused.

The first and second options are logical enough, but the next two are baffling.

People are either married or single, so what would qualify as "Other?"

And why do they want to know whether we'd been "Refused" or not? Bit cheeky, no?

As an experiment, your humble narrator printed out copies of the question and distributed it at the bar that night.

"I'm doing a survey," I said. "Answer this question."

Five minutes later, it had been answered by everyone except one elderly gentleman in the corner, who just stared at it.

I gathered in the results. Two people were single, and three were married. One person was confused, explaining that he was a polygamist. We decided he was not just married, but double or triple married.

The one divorced person present had ticked "Single" and added a huge smiley face. One doleful young man had ticked "Refused." I didn't ask why in case he burst into tears.

After a few minutes, the old fella in the corner finally handed in his paper. He had ticked "Other."

I asked him: "But what do you mean by that? Are you married or not?"

He replied: "I had to tick 'Other' because my answer to that question is 'Can't Remember.'"

The survey got us chatting about marriage proposals, which tend to be not very romantic these days.

Here are three real-life examples.

1. A guy called James went to buy an engagement ring as a surprise to his girlfriend. The credit card company, noting that he was making a larger than usual transaction, halted the sale, froze the account and notified the joint card-holder, James' girlfriend. The pair ended up with no ring, no surprise, no money and dead credit cards. Yes, the happiest day of their lives.

2. Then there was Mike who had a furious row with his girlfriend. She was screaming that he didn't really love her. He screamed back: "I do love you, enough to marry you even." She shrieked: "Okay, then do it." He yelled: "Okay I will." And they stormed off to sign up. Looking back on it as a now-married man, Mike admits the whole thing lacked romance.

3. A guy called Sammy wrote to the letters page at groomgroove.com about how he secretly created a wedding invitation in the names of his girlfriend and himself. At dinner with her family, he handed her the card, inviting her to her own wedding. "Then I went down to one knee and pulled the ring out and asked [her to marry me]. She looked at her parents and looked down at me with a 'Yes!'" Sammy wrote. That story is romantic. Until you read the last line of his letter: "Since then she's run off with my brother."

Meanwhile, the doleful young man in the bar was curious about why a bookstore survey wanted to know that he had been refused.

"Maybe they reckon guys like you are such total losers that they don't even want you on their spam list," I said. Life is hard.

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Bangladesh rightly claims to have made "modest" progress in alleviating both income and non-income poverty over time. The modest rate could be turned into "considerable" if the poverty elasticity with respect to growth rate had been higher. However, while there is a plethora of research papers on the levels and determinants of poverty, there seem to be very few that deal with poverty-dynamics.

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BANGLADESH rightly claims to have made "modest" progress in alleviating both income and non-income poverty over time. The modest rate could be turned into "considerable" if the poverty elasticity with respect to growth rate had been higher. However, while there is a plethora of research papers on the levels and determinants of poverty, there seem to be very few that deal with poverty-dynamics. If I am not wrong, the maiden attempt to do so was made by Dr. Binayek Sen and D. Hulme a few years back. Of late, however, Mahabub Hossain and Nigar Nargis delved into the dynamics using panel data of rural households spanning from 1987 to 2007.

Mobility and malleability

Landlessness is growing acute, with the proportion of such households rising over time --

from 47 percent in 1988 to about 60 percent in 2007. On the other side of the spectrum, the share of land-holding households had halved during the same period. Both trends seemingly point to pauperisation. The average size of owned land per household dropped from 0.61 ha to 0.47 ha.

The panel data show that a vast majority of households that were functionally landless in 2000 remained so in 2007; only about 10 percent of them could make an upward transition to become small and medium landowners. Among the medium and large landowners (over 1.0 ha), roughly one-third became small and functionally landless; the rest retained their earlier position.

The highest mobility is found in the case of the marginal landownership group (0.2 to 0.4 ha). In this group, a little over half retained their position, one-fourth had downward mobility

tated the CTBT nor moved away from the Bush Administration's rationalisation of nuclear war fighting and first use of nuclear weapons.

It hardly matters if he restricts the framework for using nuclear weapons since using one weapon or more than one is still a justification of the military uses of these weapons. In the same vein, Obama's START treaty with Russia does not rid the two countries of their enormous nuclear arsenals and enough are retained to destroy the world.

Clearly, it is economic and political rationalisations that are guiding Obama's nuclear arms reduction policies, as was the case with previous US Administrations, rather than a commitment to nuclear disarmament. Yet it was this commitment that apparently played such a major role in Obama getting the Nobel Prize!

That is why Obama is relying so heavily on the global nuclear security summit to resuscitate his failed commitment to nuclear disarmament. So, the pressure will be put on the rest of the world to

make commitments to nuclear security and so on.

What US is unprepared to do itself, it wants the rest of the world to do. In this context, the world may be asked to make a commitment to the US draft for a Fissile Material Cut-off Treaty (FMCT). Pakistan needs to stand its ground and reject this pressure on the FMCT since this does not include reductions in existing stockpiles of fissile material or international verifications.

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ASIA NEWS NETWORK

US nuclear hypocrisy

THE NATION (PAKISTAN)

IT is now clear that Candidate Obama's promises on many critical issues have dissipated in the powerful headiness of the president's office. His references to the Kashmir issue have been lost as have his statements relating to reversing Bush's militarism.

One of the most obvious instances of amnesia has been the Obama commitment to nuclear disarmament. He has neither resuscitated

adversary were shamefully underestimated; the paramilitary units inducted were poorly trained, not merely in operating in those particular conditions but also in basics like never lowering their guard and not walking into a trap; their equipment was wanting as exemplified by the "tinny" armoured vehicles used in a heavily mined region; no medical back-up was in place etc.

But above all, there is little evidence of strategy and tactics having been developed to cater to the local specifics.

Intelligence gathering was poor, so too the coordination with allied forces across the "Red Corridor," and the state police.

Things didn't go "very wrong" -- there was little right about the New Delhi-imposed campaign from day one. There can be no disputing the need to eliminate the Maoist menace. Prime Minister Manmohan Singh has described that as a national threat, but there is every reason to wonder if North Block has

thought things through.

Home Minister Chidambaram's most obvious shortcoming has been an inability to get the chief ministers of the affected states fully on board, and his delving into political one-upmanship hasn't helped. Even within his party have misgivings been expressed over his approach; the use of terms like "aggressive" and "belligerence" even by Congressmen are indicative of his bypassing the local MPs and MLAs, who could have conditioned the people into isolating the Maoists, backing the forces.

If nothing else, they could have thwarted the craftily conceived propaganda that the "target" of operations was to oust tribals from their land and hand it over to mining companies and industrialists.

"Clearing and holding ground" is shallow strategy unless accompanied by development/welfare package, any signs of that? Perched on the crest of Raisina Hill, the home ministry has failed to appreciate the gap

between plans on paper and action in the field.

What now? The authority of the Indian state has been well and truly challenged; there can be no backing-off. Of immediate need is a revamp of the operations of the security forces; the conventional approach had failed so it's back to the drawing board.

The expertise of experienced professionals must be exploited, the army involved in training and operational planning -- perhaps some swift, limited, surgical strikes if necessary. What must be avoided are knee-jerk reactions to the latest setback.

There's a long, grim haul ahead. This is no personal prestige issue; Dantewada must not trigger another ego-driven disaster like asking the army to "throw the Chinese out of NEFA," Operation Bluestar, or sending the IPKF to Sri Lanka. North Block must put its pride in its pocket and plan afresh.

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Strategy deficit renders

THE STATESMAN (INDIA)

BLOOD is the pigment with which is portrayed the monstrous mismatch between the Indian home minister's bombast and what he is capable of delivering on Maoist-dominated ground. The ambush and killing of 76 security personnel, indeed some of other recent forays in which the security forces were at the receiving end, confirms that all talk of "zero tolerance" and wiping out the insurgency within two or three years is little more than day-dreaming.

And use of terms like "savage, brutal, cowards," to which the home secretary has added "murderers" and "dead-end ideology" make not a whit of difference to horrific realities; nor does that puerile argument over where the buck stops.

What is unstoppable is the conclusion that the anti-Naxal offensive was ill-planned; the "military" strength and popular support of the