

# Price spiral: Cry for relief

In the past couple of decades, the rich have gotten further richer, and the poor further poorer and those in the middle have just gotten squeezed. This is a very sorry state and unmistakable signal that the nation is plunging into disenchantment, disillusionment, chaos and disorder, paving the path for rather an anarchic situation.

Md. ASADULLAH KHAN

THE price of boiled medium rice increased by 31.6% in the last two months in rural areas and 17.7% in urban areas. Even if farmers produce about 3 crore tonnes of rice the government has to import 20 lakh tonnes.

Bangladesh has 84.4 lakh hectares of cultivable land according to the Ministry of Agriculture. With 1% decrease in arable land due to urbanisation and industrialisation there will be less than 70 lakh hectares for use in agriculture in 2020, while the population will soar to about 22.25 crore.

Bangladesh has to remain dependent on agriculture because of our failure to give proper thrust to agriculture. With mills and factories

closed or inoperative for non-availability of power, there is nothing in the manufacturing side worth mentioning.

How did the country go down the ladder in such a dismal way? The failure of the past governments in boosting power generation, agricultural productivity and industrialisation pushed the country to the brink of a disaster. It has been acknowledged that agriculture along with manufacturing forms the backbone of the economy, and its performance is crucial in the battle against poverty.

Our approach to poverty alleviation is often seen as illogical and perverse. We attack poverty through subsidies, along with many other schemes and measures that are only palliative. If the money was invested in building irrigation canals or wells, small dams, water-harvesting

projects, rural roads, and above all durable houses for the rural poor, especially in the coastal belt, this would have transformed the economic landscape of the country.

We do not invest money, we simply spend it. We can hardly take any comfort that we have reduced the number of hungry people from 36 to 26. The futility of the government or NGO programmes becomes apparent when we see that about 65 million people out of 160 million at the moment do not have enough food, and the number of malnourished children in the country is still the highest in South Asia.

In combating poverty alleviation or hunger, what is needed most is to enhance the vulnerable and marginal groups' capability to purchase food. In order to succeed in our plans and programmes, we must remember that Bangladesh's strength does not lie only in Dhaka city or Chittagong city. We must plan our action with farsightedness, determination and courage.

Government policies toward poverty alleviation are good on paper, but implementation remains highly flawed because of interference by people in power and officials trying to have their share from the project. Economic boom

or the spate of development, if there has been any as successive governments claimed, have not distributed the benefits evenly.

In the past couple of decades, the rich have gotten further richer, and the poor further poorer and those in the middle have just gotten squeezed. This is a very sorry state and unmistakable signal that the nation is plunging into disenchantment, disillusionment, chaos and disorder, paving the path for rather an anarchic situation, which no government can perhaps control.

While the gains made by the richer section have been spectacular, incomes of the poor middle-class have been barely sufficient, and those of the poor not at all worth mentioning. The trend is no doubt alarming. The present state of affairs has shattered the dream they have cherished so long.

Let us spell out what this "dream" really means for us. It is just a comfortable house in a tree-shaded neighbourhood, with just sufficient food and clothing, hazard-free roads, and meaningful school-cum-college education for the children.

But what concerns us most is that the "dream" does not seem to be coming true. The present government seems to be running out of steam because of lack of moral force and lack of commitment to the cause of the people. The wanton greed of a group of fortune-seekers masquerading as party adherents or politicians or bureaucrats has brought the country to the brink of disaster.

With most of its members falling prey to poverty, the middle class is getting extinct. Sending the children to school puts an ever-increasing strain on the middle class.

The cost of education in a private university or an English medium school is almost 40% of a middle-class family's income. Many families have more than one child in college or university at the same time. How can they make both ends meet in such a desperate situation?

The dream of the middle-class or poorer section of the people is being strangled by spiraling prices, lack of job opportunities for the educated members of the family and absence of incentives in investment for the small savings they have.

Without a shadow of doubt, the middle class spans the whole country. They are working in government offices, business firms, technical installations and industrial plants as the brains behind the machines.

Given proper incentives, ideal conditions of employment, better housing and schooling facilities for children, they can provide a steady support to the demand for national development and economic growth of the country.

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Essentials are there but the prices make them inaccessible for many

# Innovating solutions to extreme poverty

In the global North, social entrepreneurship has become the innovative platform for many user-based solutions to social ills. The innovation-friendly environment in those countries is primed to encourage it.

CHRISTOPHER MACLAY

US\$2.3 trillion has been spent by the global North on international aid in the last five decades. Nevertheless, close to half of the world's population still lives in poverty. One in five live in extreme poverty. Aid is not working as well as it should. Unless we can inject the spirit of innovation into this provision, the extreme poor we try to help in places like Bangladesh will continue to remain poor.

Bangladesh is home to probably the biggest innovation in the history of aid: Muhammad Yunus' microfinance innovation has changed the lives of a generation of Bangladeshis, not to mention the estimated 665 million people who have taken out microfinance loans around the

world since. In the aid industry, we want more innovation like this. Unfortunately, we only get more Grameen Banks -- replications of the same thing. There are now more than 3,000 different microfinance institutions around the world, and as long as microfinance is delivering results with a large enough percentage of the poor (more than 40% of Bangladesh's population is still classified as poor), there is little incentive to push innovation outside of this proven comfort zone.

However, microfinance, much like any innovation, cannot do everything. Critics in Bangladesh have fiercely attacked it for its failure to improve the lives of the extreme poor. Due to their specific social and economic characteristics (constraints), these individuals regularly default on their loans, and are accord-

ingly often refused credit. We need more innovation, but why does innovation in aid for the extreme poor appear so hard?

The success of modern business innovation is that it is driven by the users: empowered to do so through good education, improved communications and readier access to investment capital. Normal people are innovating business solutions to their own needs. The problem with much of modern aid, however, is that there is no user innovation -- policies are thought up by outsiders. That is not to say that most aid is not well-thought-out; international aid initiatives are increasingly guided by thorough research, and are met by more success. Nevertheless, this is still manufacturer innovation; the user's only role is having a need, which the manufacturer identifies and designs a response -- or 'product' -- for.

In the global North, social entrepreneurship has become the innovative platform for many user-based solutions to social ills. The innovation-friendly environment in those countries is primed to encourage it: needs are identified by a wealth of people empowered enough to make their thoughts heard, an

educated population of social entrepreneurs are capable of developing new policies and technologies, and there is cash available, through financing institutions such as the Big Society Bank in the UK, or the Barack Obama's Social Innovation Fund in the US.

In countries like Bangladesh, we find these preconditions not so well met to encourage user innovation. Even less for the extreme poor.

The problem is that the typical person who can identify innovative solutions, the user, is not in a position to do anything about it. Socially marginalised, the extreme poor in Bangladesh are unlikely to even be deemed eligible for a 1000Tk loan from a microfinance institution, let alone be entrusted with a significant enough investment to make a difference on a bigger scale. Compare this to the US, where empowered users compete for multi-million dollar funding for their ideas from Obama's Social Innovation Fund. What can we do to promote social innovation for the extreme poor?

The Shiree/Economic Empowerment of the Poorest (EEP) Challenge Fund is funded by UKaid from the Department for International Development, and its goal is to sustainably 'graduate' one million extreme poor Bangladeshis from poverty by 2015. The Challenge Fund concept works by setting up a 'challenge', and inviting people -- individuals, NGOs, private companies -- to compete to best respond to this challenge. Through this system, it hopes to bring the need, the solutions, and £65million in cash, closer together to develop the necessary innovations which can enable the extreme poor, for whom microfinance and other traditional development projects have failed. This and other likeminded institutions with funding will continue to drive innovation in this area, but there are some guiding principles which must be followed to create an innovation-friendly environment.

The extreme poor will not be able to innovate their way out of poverty, unless we give them the opportunity to do so. This means 1) ensuring universal education enables extreme poor young people to enhance their analytical ability and develop their own solutions; 2) empowering the extreme poor, who tend to be marginalized due to their gender, ethnic group, and other reasons, to make their voices heard and; 3) keeping our ears to the ground through consistent lines of communication with the extreme poor, as users' ideas can come and go in a day.

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The typical microfinance beneficiaries group meeting: How many freed from poverty trap?



# I touched a guitar from U2

LIFE rocks! Someone invited me to be master of ceremonies at a charity ball to raise funds for a children's home. Sure, no problem. Up for auction was an autographed guitar from U2, the mega-famous pop band fronted by Bono. Cool!

But when I arrived early at the venue and saw the framed guitar, my mouth dropped open. It was exactly the same as my guitar at home. Same size, style, color and brand name: Fender Squier.

My head swelled. Bono, and me I thought: we're twins! We're both creative guys who do charity events. He wears tinted glasses; I wear tinted glasses. He has a red guitar; I have the same red guitar. He is a handsome, rich, famous guy who drives women mad with lust. I... Yeah, well, okay, never mind.

Later, I mentioned this in a chat room on the web, and got a curious reply. A guy in New Zealand said the same guitar, with the same signatures from members of U2, was auctioned at a charity ball there.

Things got curiously still when I opened the newspaper to read that former UK leader Tony Blair last week revealed that he had taken some "official gifts" with him when he left Downing Street -- including a Fender guitar signed by the members of U2.

So that's why U2 hasn't done an album for more than a year. They're too busy on a mission to autograph every guitar on the planet. Intrigued, I emailed a few musicians to learn more about celebrity instrument sales, and one of them asked me to send him photos of the guitars mentioned above.

Less than an hour later, the guy, from a band called the Bluenotes, gave his verdict.

"The ones sold by charities do have some value, since the autographs are genuine, but they have never been played," he said. All were made by Squier, a Fender guitar company subsidiary which makes cheap guitars in Asia.

"The only super-valuable one is Tony Blair's one, which is a Fender original the band possibly did use. And the least valuable is yours, a cheap Indonesia-made Fender Squier with no autographs, and which has only been played by one really, really bad guitarist." (I decided to interpret this last comment as ironic.)

After listening to me grousing about this, a friend told me that a DJ who had breakfast with Justin Timberlake auctioned the singer's leftover bit of French toast for US\$3,154 (HK\$24,600). Even more shocking, someone else told me that the actress Scarlett Johansson caught a cold and auctioned her mucus-filled tissue on eBay for US\$5,300.

"That is ridiculous," I said. "Surely my guitar must be worth more than Scarlett Johansson's mucus?" None of my friends responded. They were all thinking about the question, which was clearly much harder than I thought it would be.

Anyone out there want to pay me a small fortune for a coffee-stained, red, slightly battered Fender Squier guitar, possibly the "last guitar" on the planet not signed by any members of U2?

On a related subject...regular readers know that I have a band (average age of members: 11) called The Sky People and our thing is to create "Next Generation Christmas carols."

One member, my buddy Victor, is sometimes incorrectly thought of as the Naughtiest Kid on the Planet, but the truth is that he is a smart, talented ace guy. For those who don't mind a bit of sentimentality as Christmas approaches, here's our latest song. The style can probably best be described as Angelic Choirboy Meets Heavy Metal.

For more, visit our columnist at: www.vittachi.com

