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Transform the poor from agents to principals

Challenging the Injustice of Poverty: Agendas for Inclusive Development in South Asia

By **Rehman Sobhan**
Sage Publications;
486 pages; Tk 670

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THIS book aptly represents Professor Rehman Sobhan's lifelong pursuit with the ideas of how to deal with poverty and inequity and how to build a just society within the limits of a market economy and a democratic order. It is good to see that these ideas, many of which can be found in bits and pieces in his innumerable writings, have now been comprehensively dealt with in a single volume. Critics have often dismissed some of his ideas for being devoid of political realism and for stretching too far the limits of the market economy. But then thinking out of the box is what makes Prof Sobhan a unique kind of intellectual activist.

While looking at the list of chapters and going through the preface of the book, one may in fact suspect that he is toying with ideas that are either politically too ambitious or economically not workable -- ideas like empowering the poor through collective action and giving them equitable access to human and physical capital, even including corporate capital. As is rightly pointed out, this represents a holistic approach about correcting the very structural roots of poverty arising from the existing political, social and economic institutions. And we know that institutions do not change easily.

But after having a closer look at the contents of the book, it occurred to me that over the years Prof Sobhan seems to have transformed himself from being a pure visionary to someone who has also been increasingly aware of the art of the feasible. In fact, what makes the book a valuable contribution is its recognition that the ongoing conventional poverty alleviation measures have a rightful place, that changes cannot be made all at once, that a small entry point can ultimately make a big difference, and that there are indeed many instances of successful innovations across South Asia that have potential for

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replication. These innovations give us an opportunity not only for learning by doing but also for what may more appropriately be called learning-by-seeing-others-doing.

The book for example includes some case studies of collective farming, marketing co-operatives, or collective action of workers and beneficiaries of public services. Needless to say, the effectiveness of these institutional innovations depends to a large extent on the circumstances of their historical origins and on many aspects of country-specific socio-cultural settings. For example, the NGO-led approach to social development in Bangladesh has been effective in using the agency of women or family for promoting self-interested behaviour in respect of, say,

microcredit, child immunisation and birth control; but the approach has been far less successful in promoting civic activism, such as for demanding better service delivery from government agencies. In contrast, the Indian state of Kerala provides a different pathway to social development, namely, through decentralisation and strong local governance. This distinction is relevant when Prof Sobhan advocates transforming the poor from agents to principals.

The book seeks ways of building a financial architecture where the poor will have more access to financial and physical capital. How? Some microfinance borrowers may graduate into larger-scale entrepreneurship through gradual asset accumulation.

In Bangladesh, about 7 percent to 8 percent of the borrowers are found to be able to do so. For the majority of the borrowers, microfinance can be useful by supplementing their family income and thereby supporting their meagre livelihoods; for many of them, it can often make the difference between survival and destitution. Yet, the main pathway out of poverty remains to be a shift from subsistence occupations to more productive wage employment, as has been the case in successful developing countries in East Asia.

But Prof Sobhan goes much beyond conventional microfinance. He discusses the possibility of the poor having a share of corporate capital either by accessing the share and bond markets or having their own collective commercial ventures. The question is who will bear the risks and what kinds of social insurance could be put in place to protect poor people's investments. The other model is that of social business, with Muhammad Yunus as one of its current advocates. There are some ambiguities regarding this model of business as well. Will these businesses be run like any for-profit company, only that their profits will be recycled to poverty alleviating programmes? Or, will the social businesses themselves be pursuing some social goals other than maximising profit? To clarify some conceptual issues involved, one could refer to a relatively less known work of Professor Amartya Sen -- an essay titled "The profit motive" written in the 1980s as an address delivered to an association of British businessmen.

The microfinance movement in Bangladesh has at least proved one thing: that given the opportunity, the poor can save. About one-third of the 3 billion dollar worth of revolving fund in the county's microcredit system represents members' savings. Exploring ways of linking such savings to mainstream investments and capital markets remains a very legitimate concern.

The book rightly emphasises the need for quality education for the poor, not just education for all. This represents thinking beyond the global educational MDGs. Lack of access to quality education, besides lack of financial means, is a main reason why children from poor families cannot

compete for entry into higher studies which perpetuates inter-generational poverty cycle. Prof Sobhan is absolutely right in bringing up the issue of equality in educational opportunities as an integral part of a just society.

A related question, which has perhaps been given less attention in Prof Sobhan's scheme of things is about how to match individual or household-level capabilities with macro-level opportunities. Providing individuals access to human and physical capital will need to be appropriately matched with top-down strategies of employment creating growth. Amartya Sen mentioned in one of his writings the ironical fact that the well-educated manpower of Kerala had to seek employment outside their state or country because of lack of enough employment opportunities in their home state.

The book explores ways of increasing the share of the poor producers in the marketing value chains. This has to do not only with the structure of the domestic markets, but increasingly with the structure of the global markets. We often discuss the issue of graduation of microcredit members out of poverty. But we have hardly done any research about the life-cycle economic mobility of the garment workers to know how many of them can eventually come out of poverty.

Professor Carlos Diaz Alejandro, a famous trade economist of Latin American origin, once commented something like this: It is a reasonable guess that to a Martian observer of our planet's economy, the most striking puzzle would be why a worker in, say, Colombia (read Bangladesh), makes a tiny fraction of the wage of a worker in the US doing a similar job. Now, a possible answer to this query would be to tell the Martian that he is being naïve and that he should go back to where he came from. But, of course, there could be reasonable alternative answers regarding the structural and even moral basis of the global economic structure. Looking for these later kinds of answers is what this book is premised up on. To some, the approach may appear naïve or impractical. But to others, including me, these are profound and daring ideas worth pursuing.

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Marching on their stomachs

How Germany, Japan, Britain and America fed their people

The Taste of War: World War Two and the Battle for Food

By **Lizzie Collingham Allen Lane**; 634 pages; £30

Lizzie Collingham, a British historian who has previously written about curry and the Raj, argues that battles over food in the second world war matter now because there will be more such fights in the future. "[T]he technological innovations of the green revolution", she writes, "have run their course, and there is little prospect of increasing yields as a result of new farming techniques." There may indeed one day be food conflicts, but this last point is nonsense. New farming techniques, such as genetic modification, that mean higher yields possibly much higher yields cannot be ruled out. Readers of Ms Collingham's new book, "The Taste of War", are advised to ignore the book's self-proclaimed contemporary agenda and enjoy it for what it is: a well-researched history of a neglected aspect of the war. War had a big impact on the

world's food. In the late 1930s the farm economies of the great powers were in crisis. America's Midwest was a dust bowl. Farmers in depression-hit Britain and Japan were cutting back on fertilisers, reducing output. Around 3m Chinese peasants were dying of starvation each year.

The need to feed large armies transformed some countries. One American farmer's daughter wrote that "Dad started having his land improved. We... and most other farmers went from a tarpaper shack to a new frame house with indoor plumbing. It... was just so modern we couldn't stand it." By 1946 America had become the world food provider of last resort.

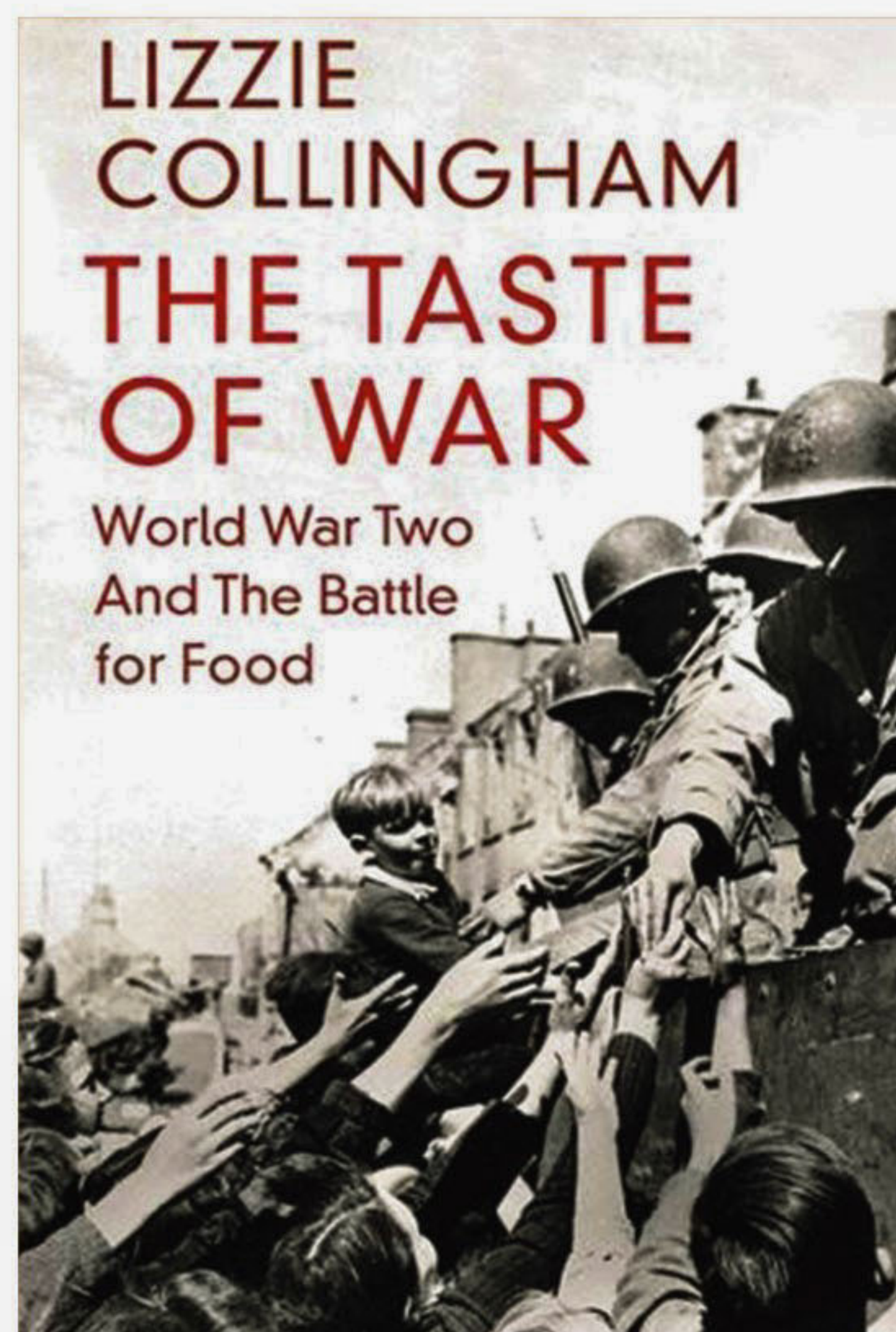
Japan, instead, adopted a policy of rapacious requisitioning, driving many farmers to give up. In 1941 Japanese farmers produced enough rice to give each head of population 336 grams of rice a day; by 1945 that had dropped to 234 grams. By insisting the conquered territories in South-East Asia become self-sufficient, Japan also destroyed the region's

food trade, and the farming system based on it: 1m-2m Vietnamese starved to death in 1944-45.

War established the new science of nutrition on a firm footing. Japan even introduced curries and Western foods to boost the protein and fat content of soldiers' diets. And just as war had an impact on food, so food had an impact on war. The effectiveness of the Allied blockade of Germany only a dozen food ships slipped through in 1941 was one reason for the Molotov-Ribbentrop pact, under which the Soviet Union agreed to supply Germany with soybeans and vegetables. But Herbert Backe, an agronomist, persuaded Hitler that Germany had to be self-sufficient to win the war. The Reichsnahrstand (Reich Food Corporation) estimated that, to feed itself, Germany needed another 7m-8m hectares of farmland. It also had to consolidate into larger, more efficient units its many handkerchief-sized farms, and therefore required new lands for displaced peasant farmers to cultivate. These consider-

ations played a role in Hitler's decision to invade the Soviet Union.

The politics of food is frequently ignored, so it may seem carping to complain that the book overdoes its theme. It sometimes reads as if food explains the history of the second world war, whereas in reality it can hardly be said to have determined the outcome. The Soviet Union utterly failed to feed its soldiers and civilians properly, yet did more than others to defeat Hitler. Ms Collingham also gives short shrift to the cultural aspects of diet. She cites a British government decision to suppress a report on nutrition and the poor in 1936 as if publication would have changed dietary habits. Yet as George Orwell wrote at the time, the poor often chose to eat unhealthily: "the less money you have, the less inclined you feel to spend it on wholesome food. A millionaire may enjoy breakfasting off orange juice and Ryvita biscuits; an unemployed man does not." Still, these are minor flaws in an otherwise impressive history. -- **The Economist**



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