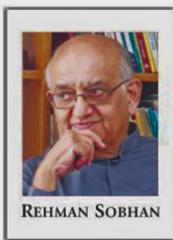


The challenge of inequality

An agenda for action



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It should be noted by the people and particularly the policymakers of Bangladesh that one of the keynote issues under discussion at the ongoing Assembly of the International Parliamentary Union (IPU) is the growth of inequality across most countries. The Assembly was reminded by Saber Hossain Chowdhury, chair of the IPU, in his opening address that one percent of the world's elite own 99 percent of its wealth, a frightening insight into an unjust world. The IPU has impressively gathered together in Dhaka around 650 parliamentarians from around 140 of its member countries. The fact that the parliamentarians, who presumably represent the people, have chosen to focus on inequality indicates that they are giving voice to the concerns of the millions of their electorates around the world.

Such concerns with inequality are not limited to the so-called developing

whom are beneficiaries of such a system so that, unlike the commitment to reduce poverty, the protestations to confront inequality have tended to be more rhetorical rather than real. It is not surprising that in the very countries where poverty has been reduced, income inequalities and social disparities have widened.

My presentation, therefore is designed to encourage both legislators and policymakers from countries exposed to widening inequalities, to move beyond rhetoric towards implementing a more relevant, more credible, actionable agenda of policy reforms. The suggested interventions are designed to challenge inequality by widening and deepening opportunities for the resource poor and more excluded segments of the population to participate in the development and political process. The discussion is structured under the following heads:

- Structural dimensions of inequality
- Policy interventions to challenge inequality

The assumptions underlying this structuralist perspective on inequality argue that the contemporary policy discussion has focused on addressing the symptoms rather than the sources

population living in poverty the resource poor also tend to be asset poor.

Within the prevailing property structures of society the resource poor, particularly in the rural areas, remain disconnected from the more dynamic sectors of the market, particularly where there is scope for benefiting from the opportunities provided by globalisation. The resource poor, therefore, interface with the dynamic sectors of the economy only as primary producers, service providers and wage earners, at the lowest end of the production and marketing chain, where they sell their produce and labour under severely adverse conditions. This leaves the poor with little opportunity for sharing in the opportunities provided by the market economy for value addition to their labours.

Low productivity remains an important source of income poverty. Higher income and ownership of wealth remains closely correlated to higher levels of education. Low productivity, thus, originates in inequitable access to education and technology. In many developing countries the growing disparity in the quality of education divides the rural

What we can do to challenge inequalities

In the second part of the discussion we address the issue of policy interventions needed to confront the issue of structural inequality. This discussion addresses the issue of challenging inequality through empowerment of the poor by strengthening their capacity to participate in a market economy and democratic polity.

Suggested policy interventions can be addressed under the following heads:

- Expanding the ownership and control of the resource poor over productive assets
- Strengthening the capacity of the poor to compete in the market place
- Democratising their access to a knowledge based society
- Redesigning budgetary policy to reach public resources directly to the poor.
- Restructuring monetary policy to deliver credit and provide savings instruments to the poor
- Designing institutions for collective action by the poor
- Politically empowering the poor

The weakness of the resource poor

education and health care need to be democratised through significantly enhancing the quality of services directed to the deprived at all levels.

Enhancing the asset wealth and market power of the poor needs to be backed by financial and monetary policies which channel resources to the poor so as to improve their competitive capacities. Public expenditure as well as fiscal policy should be redesigned to move beyond providing social protection to the poor. The poor are also producers of goods and services and remain sensitive to the incentives offered by a supportive fiscal policy. The instruments of direct as well as indirect taxation also need to be redesigned to make better use of their distributive and poverty reducing capacity.

The micro-credit revolution has established that the poor are bankable and creditworthy. The logic of this discovery would be to encourage commercial banks to significantly enhance lending to the productive poor. At the same time, micro-credit organisations should be equipped to graduate into corporate banks or financial enterprises, owned by the poor. There is, today, no reason why such large organisations, of the maturity of Grameen Bank, with such a consistent record of debt recovery, should not graduate into the macro-finance system by accessing the deposits of the public or the overseas remittances of Bangladeshi migrants. Financial instruments such as mutual funds could be designed to underwrite investments by collectives of the income poor in a variety of up-market assets such as agro-enterprises, plantations, real estate, banks, manufacturing enterprise or public-private infrastructure projects. Such opportunities for broadening ownership of corporate wealth should not be limited to the income poor but could be extended to workers in the corporate sector to own shares in the enterprises where they work.

To empower the poor to move into the higher tiers of the economy it is suggested that institutions should be designed to aggregate their collective power. For example, NGOs need to progressively reinvent themselves as corporations of the poor. The future of the NGO as a social institution lies in its ability to use its institutional capacity to link the poor to the market. Through such a measure the individual weakness of the poor could be aggregated into the legally recognised power of the many.

In the final analysis, it is only when the poor and other excluded sections of the population are sitting in the representative institutions of the state, in local elective bodies as well as in Parliament, that they will be able to ensure that their particular concerns are mainstreamed within the policymaking process. Here special attention needs to be given as to how the power of money can be neutralised in the system of electoral politics and affirmative opportunities provided to the more deprived segments of the population to be elected to our representative institutions.

The policy interventions suggested here demand a change in perspective from poverty alleviation towards addressing the injustices of society through structural change which moves us towards a more equitable, inclusive social order. Such an order, built around the democratisation of economic and political opportunities, would ensure an inclusive and sustainable development process but would strengthen the foundations of an increasingly dysfunctional and vulnerable democratic order.

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PHOTO: UN/REGINA MERKOVA

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world but have been made visible in the recently concluded US Presidential Election where Senator Bernie Sanders, a self-proclaimed democratic socialist, nearly won the nomination of the Democratic Party by focusing on the growth of inequality in the US and the elite driven society which has consequently emerged. Sanders, more than any other candidate, mobilised the passions of the youth, the next generation of his country, in his challenge to an unjust social order. The IPU Assembly has similarly drawn attention to the political dangers of growing inequality manifested through the emergence of extremist forces willing to use violence to project their agendas.

The suggested policy responses to inequality both at the national and global level expressed through the Sustainable Development Goals (SDGs) have not been able to satisfactorily address the problems of inequality. The responses have tended to draw on the more long-standing responses to global poverty rather than to challenge the sources of inequality which are driven by the injustices of society. There is much less recognition of such injustices by national policymakers, many of

of inequality. The resultant interventions which focus on targeting of development resources to the resource poor (poor for short) and through the extension of measures for social protection, through social safety net are unlikely to resolve the problem of inequality. The poor are embedded in certain inherited structural arrangements such as insufficient access to productive assets as well as human resources, unequal capacity to participate in both domestic and global markets and undemocratic access to political power. These structural features of inequality reinforce each other to effectively exclude the poor from participating in the benefits of development or the opportunities provided by more open markets.

The sources of inequality

In all countries faced with growing inequality and indeed many middle-income countries, inequitable access to wealth and knowledge disempowers the poor from participating competitively in the market place. Indeed the market itself is designed to compromise the opportunities on offer to those with limited resources. In most societies with a substantial proportion of the

majority of the people from a much narrower wealth empowered elite.

Insufficient and inequitable access to health care is also compounding the inequities in education. The dominant problem in most developing countries is not the complete absence of health care but the incapacity of the public health care systems to deliver quality health care or for the market to adequately meet the needs of the resource poor.

This inequitable and unjust social and economic universe is compounded by a system of unjust governance which discriminates against not just the resource poor but large segments of the less privileged sections of society, effectively disenfranchising them from the political benefits of a democratic process. In such a social universe the excluded remain tyrannised by state as well as money power.

Representative institutions tend to be monopolised by the affluent and socially powerful who then use their electoral office to enhance their wealth and thereby perpetuate their hold over power.

within the market place, in all areas of economic endeavour, originates in their lack of ownership over productive assets, their participation only at the lowest tiers of the market and their individualisation as economic agents. We thus need to institutionally and financially empower the poor to break out of the ghetto of micro-enterprise and invest in productive assets such as cultivable land or water bodies in the rural areas and even corporate wealth in the urban areas. Furthermore, the small holder farmers/artisans need to develop their financial and organisational strength to sell their products and services in a market which offers them the best terms rather than to sell their produce out of distress or the need to subsist. To this end we need to develop institutions which aggregate small holders for purposes of collective action which enhance their competitiveness through availing of many of the scale economies derived from the externalities available to large scale enterprises.

The economic power of the poor needs to be reinforced by realising qualitative change in their access to human development (HD). Opportunities for access to quality

A WORD A DAY

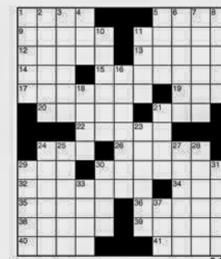


MAVERICK
noun

An unorthodox or independent-minded person

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Singer Barry
 - 5 Bit of change
 - 9 Group of top players
 - 11 Carried
 - 12 -- Gras
 - 13 Last letter
 - 14 Yale student
 - 15 Tear
 - 17 Lock of hair
 - 19 -- Paulo
 - 20 Dance's de Mille
 - 21 German article
 - 22 Pretentious
 - 24 Acquire
 - 26 First Hebrew letter
 - 29 Beans buy
 - 30 Up-and-coming
- DOWN**
- 1 Arcade patron
 - 2 Roma's land
 - 3 Explorer Vitus
 - 4 Naughty
 - 5 Provide free of charge
 - 6 Threat words
 - 7 Engaged
 - 8 "Swell!"
 - 10 "Beaches" star
 - 11 Wader, e.g.
 - 16 Put in other words
 - 18 Pesky insect
 - 21 Fabric worker
 - 23 Christian of "Mr. Robot"
 - 24 Irish tongue
 - 25 Facilitate
 - 27 Blood component
 - 28 Below, in a contract
 - 29 Nurse Barton
 - 30 Iditarod item
 - 31 Makeshift abodes
 - 33 Pros' charges
 - 37 Harden



YESTERDAY'S ANSWER

PERSIA TALL
IGUESS OBOE
COMESTOREST
SUAVE
MATE ERRS
RENO TROOPS
ARK JET PIE
MILTON CESS
TEEN MESS
NASAL
COMESTOLIFE
ALOT IRONON
NEWS RISKED

BEETLE BAILEY



BY MORT WALKER



BABY BLUES



BY KIRKMAN & SCOTT

