

The 'middle-class' in Bangladesh: Winners or losers?



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THE expansion of a country's middle-class is often regarded as a sign of development. In recent years, there has been a phenomenal rise of the middle-class in Bangladesh, resulting largely from economic prosperity. This is in part due to success in poverty reduction, with the rate of those living on less than USD 1.90 a day declining rapidly. Latest government estimates show that, in 2018, 21.8 percent or nearly 36 million of the country's population live below the national poverty line (which was 59 percent in 1992); and 19 million of them are extreme poor. The government plans to reduce poverty to 12.3 percent and the extreme poverty rate to 4.5 percent by 2023-24.

Over the last 20 years, GDP of Bangladesh, measured in terms of purchasing power parity (PPP), grew from USD 167.6 billion to USD 761.7 billion in 2018. This shows that GDP based on PPP is rising at an increasing annual rate that reached a maximum of 10.2 percent in 2018. Such an increase is reflective of an enlargement of the middle-class.

While the above clearly has economic consequences, it also has social ones. The middle-class expectations are rising and evolving as the country's economic situation improves. People are no longer satisfied with simply having access to public services; they are increasingly concerned with their quality as more middle-class citizens recognise their potential to bring about social change.

This, in turn, may have repercussions for poverty and inequality, assuming that the government is able to meet public demands. It is widely recognised that causes of poverty include insufficient access to public resources such as education and healthcare, especially for the rural residents. If public resources devoted to these services are not only increased but the quality of services is also improved, it is likely that poverty will be reduced further. What appears to be certain is that the rise of the middle-class in Bangladesh has a number of positive consequences. A

rapid growth of the middle-class is needed to reduce poverty, bring about economic expansion, and increase social opportunities.

At present, globalisation is under attack in the west. The resistance to globalisation largely originates from economic losses of the middle-class; and the fear of further losses in future. No doubt, growth of trade has brought economic competition from China, reducing high-wage manufacturing and service jobs. The expectations are ripe that future changes will be worse in terms of economic and social consequences for the middle-class in the developed west.

What is happening to the middle-class in Bangladesh? Over the last three decades, the opening and integration of markets has led to the emergence of a rapidly growing and forward-looking middle-class in Bangladesh. This budding middle class—no doubt relatively poor compared with the middle class elsewhere—enjoys high morale and spirit, big expectations, and rising sense of a bright future. Thus, as opposed to the fading middle-class in the west, Bangladesh's middle-class is winning. The new middle-class is on the rise; growing in numbers and capturing an increasing share of total income in the country.

Branko Milanovic, an economist, draws an "elephant" curve, to capture the income story of the middle-class decline in the west and middle-class rise in the developing world. The chart shows the status of income groups from poor-rich to represent the group's shares of total global income over the period between 1988 and 2011.

Almost half of the world's population, with incomes of less than USD 1 to about USD 4, are counted as poor and live almost entirely in the developing world. Another 40 percent of the world's population, with income between USD 4 to USD 50 a day, make up an "incipient" (below USD 10 a day) middle-class; with the exception of a small proportion of that group living in rich countries, this is the "new" middle-class of the developing world. Together, these groups are represented by the broad and hunched back of the elephant. A much smaller rich world middle-class has income between USD 50 to USD 200; they are represented by the elephant's head. Finally, a tiny world's



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rich group—including the top 1 percent of households in the world by income and are represented by the elephant's trunk.

The elephant curve illustrates that the middle-classes in the developing world (broad back of the elephant) have been the big winners of open and globalised markets, growing in size and enjoying income gains. In contrast, rich world's middle-class declined as a share of population and appears stuck at the bottom of the elephant's trunk.

Behind the big and broad back of the elephant is rapid economic growth in the developing world—at rates faster than economic growth in the mature developed economies. Higher growth helped boost the size of the USD 10-a-day middle-class not only in Bangladesh, but also in most countries of Asia, especially in China and India. Taking advantage of technologies and other factors, the developing world is finally catching up to faster growing rich countries in a process that economists call income

"convergence". For Bangladesh, trade means the integration of its huge low-wage labour force into the global labour market, such as in the RMGs. No doubt, trade and foreign investment have accelerated the spread of new technologies and associated know-how to Bangladesh—thus increasing its ability to compete in the production and export of manufactured goods.

In the developed west, globalisation is associated with the increasing concentration of income and wealth at the top and the relative loss of influence of the old middle-class to the new professional and business elite—the one percent in the US that captured more than 20 percent of income and over 40 percent of wealth in 2014. The gap between the rich and the middle-class has been quantified by the French economist Thomas Piketty and his colleagues. In the US in 2015, the top 10 percent of households by income captured more than 50 percent of all income; and the top 1 percent captured 22 percent of all income.

The government's role is to put policies in place to fight the vulnerabilities of the middle-class and benefit from middle-class support. These policies should promote upward social mobility such as quality education, and provide safety nets that protect the vulnerable segments when facing life risks. If high quality of publicly provided services can be ensured, a constituency for comprehensive contribution-based social protection system can be built with support from the middle-class. However, if publicly provided services are of low quality, the middle-class will perceive themselves as losers in the fiscal bargain and may not be willing to finance the public system.

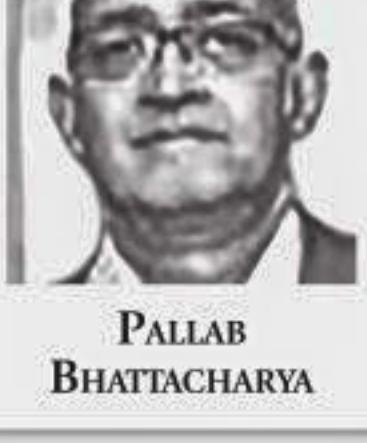
No doubt, the concept of middle-class is somewhat vague and corresponds to different lifestyles; and it may be hard to see how this heterogeneous group would position itself in society. Moreover, it is widely noted that these classes are driven mostly by self-interest; they strongly feel that their interests should be protected and are likely to oppose even good reforms that affect them in any negative way. They are extremely unwilling to compromise their group's interests and privileges.

People also cite evidence for representatives of the middle-class who are more likely to guard their relative privileges against the incursions of poorer classes than champion alternatives that would help to reduce poverty. The middle-class is often branded to be more concerned with retaining its privileges and remaining loyal to the government that made its social advancement possible in greater social justice and equality. The middle-class helps a regime to maintain the status quo. Thus, they may not become progressive drivers of social reforms that would benefit the majority.

Despite these structural limitations of the middle-class, the rising expectations of the expanding middle-class in Bangladesh signal its awakening with its own specificities; and the key question is: will this middle-class be the country's future agent of change?

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'Cut money' bleeds Trinamool, boosts rivals in West Bengal



PALLAB BHATTACHARYA

A youth from West Bengal's Baharampur district cleared the West Bengal civil services examination more than two years ago but is yet to get his appointment letter. When he went to enquire about the delay in getting the

letter, he was advised by an official of the West Bengal Public Services Commission that he could get the letter expedited by paying Rs 5 lakh to a Trinamool Congress leader.

In Konnagar not far away from Kolkata, a woman who works as a domestic help paid Rs 1 lakh to a local civic body chief, a Trinamool leader, who promised her a government-subsidised house. Many like her paid the money to the leader in return for the same promise which, of course remains unfulfilled. These are just two instances of what has now come to be known as "cut money" scam in West Bengal, posing a serious challenge to Chief Minister Mamata Banerjee with fresh assembly elections in the state just two years away and her Trinamool Congress steadily ceding ground to the Bharatiya Janata Party.

During the parliamentary election campaign in February this year, Prime Minister Narendra Modi had, at a rally in West Bengal, described the state's ruling Trinamool Congress symbolising three "T"s—Trinamool Tolabaji Tax. What in essence he was driving at is the allegation of pervasive

corruption against ruling party leaders at various levels. Modi's remarks had at that time triggered a barrage of denial and protests from Mamata and other Trinamool Congress leaders.

Ironically, four months down the line, Mamata, speaking at a recent party meeting of Trinamool leaders in the Kolkata municipal corporation on June 18, appeared to confirm what Modi had said in February. She warned her party leaders that those involved in

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taking "cut money" from people to avail the government's social welfare schemes and other corrupt practices would be put behind bars and asked them to return the "cut money" they extorted from beneficiaries of welfare schemes since 2011. Thousands of people, ranging from landless farmers to domestic helps to businessmen are publicly

naming Trinamool leaders who have taken money from them.

The "cut money" scam found its echo in the state legislative assembly on June 24 when legislators of opposition Congress and CPI(M) staged a walkout from the House flagging the issue and demanded inquiry into the incident. Trinamool leaders in urban and rural areas are facing mounting public anger against "cut money". There have been almost daily reports of the people affected by "cut money" assaulting local Trinamool leaders, demonstrating in front of their houses and forcing some of them to give in writing that the money would be refunded.

Trinamool's Rajya Sabha lawmaker Santanu Sen recently faced allegations of seeking "cut money" from a realtor in Kolkata. Sen has termed the charge as "baseless and politically-motivated" to malign his reputation. Allegations are pouring in and demonstrations are taking place across the state almost every day.

On Saturday last, Trinamool Congress removed Shanta Sarkar, the vice chairman of Rajpur-Sonarpur municipality in the southern fringes of Kolkata following allegations of corruption. But Sarkar maintained: "I only followed orders from the party. I don't know why this was done but the post of the vice chairman has been done away with."

Mamata's instruction to Trinamool Congress functionaries to return to the public the "cut money" was followed by an announcement by her confidante and Kolkata Mayor Firhad Hakim about the launch of a toll-free number and a WhatsApp for people

to file complaints about "cut money." This has put Trinamool leaders in a quandary. The party is groping for a convincing response to acknowledgement of corruption implicit in Mamata's "cut money" statement. This is best reflected in party lawmaker and actress Satabdi Roy's comment that the chief minister's remark may cause confusion and trouble in the party. Speaking to the media in Delhi, Roy said these measures should have been initiated to stop the practice much earlier.

"Didi has taken steps now, that's fine. But there will be more chaos on returning 'cut money'. Because a person who has taken it directly, he is only the front man. There are others who are behind the wings. They have also taken their share. So the money has to be returned as per this chain," Roy said summing up well the plight in which Trinamool finds itself today. Also reflective of the predicament of Trinamool in the context of "cut money" was a song on the issue by popular Bengali singer Nachiketa Chakraborty, who is considered close to Mamata, going viral on social media.

Mamata's "cut money" remark has given new ammo to her political rivals. "After institutionalising corruption, she now wants to portray herself as the only honest leader in Trinamool Congress. When her own party MP and popular singer Kabir Suman spoke out against extortion a few years ago, she took no action. It is common knowledge that everybody in the party gets a share of the booty," Communist Party of India (Marxist) Politburo member Md Salim said. BJP Bengal unit president Dilip Ghosh said,

"from getting admission in the college to set up a toilet, people have to give Trinamool leaders a share for everything. Sensing an opportunity to make political capital out of public resentment, the BJP has decided to launch a campaign to press the demand for returning the 'cut money'."

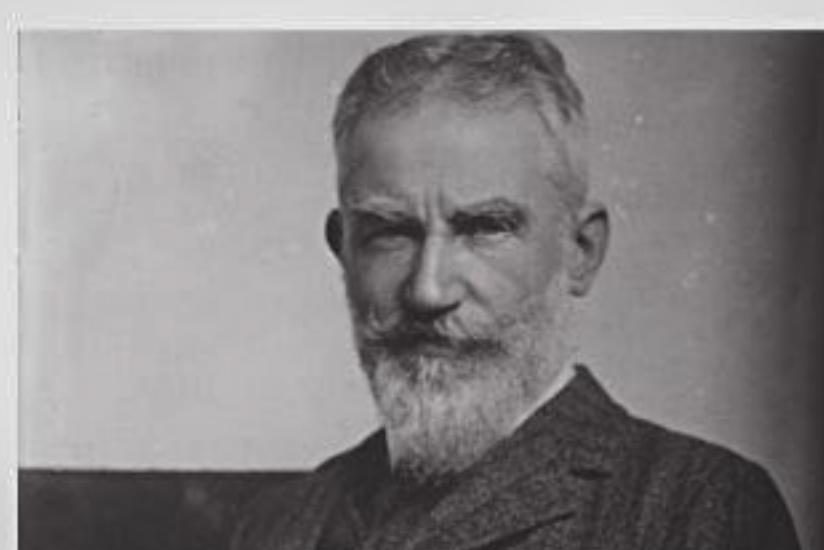
The "cut money" controversy is the latest issue that is bleeding Trinamool Congress politically at a time when the party has been hit by a series of defection in its ranks engineered by Mamata's former trusted aide Mukul Roy, who is now a key strategist of the BJP in Bengal. The defections to the BJP are the result of the saffron party's remarkable performance in the parliamentary polls.

As if the electoral setbacks and desertions in its ranks were not enough, Mamata faced another crisis in the form of a week-long strike by junior doctors who were protesting the assault of one of their colleagues by the relatives of a patient at a state-run hospital in Kolkata. Roughing up of doctors in West Bengal is not uncommon but the latest incident had snowballed into a pan-India agitation by doctors seldom seen.

The question is, why has Mamata warned about "cut money" now. Is she trying to take a moral high ground by flagging the issue before fresh civic body polls in 2020 and then assembly elections in 2021? Is it a damage-control exercise through a corrective step? Will it damage the party further? Only time will tell.

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QUOTABLE Quote

GEORGE BERNARD SHAW
(1856 – 1950)

Irish playwright, critic, polemicist and political activist

The single biggest problem in communication is the illusion that it has taken place.

CROSSWORD BY THOMAS JOSEPH

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goldfish

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- 21 City of Canada
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