

FROM CHALLENGED BEGINNINGS TO STANDING TALL

DHAKA THURSDAY FEBRUARY 11, 2021, MAGH 28, 1427 BS

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Due to the pandemic, there are reasons to be concerned about employment and food security in the garment sector.

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Key socioeconomic issues we must address to reduce poverty



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Poverty is a multifaceted economic phenomenon. Although dealing with the causes of poverty in Bangladesh is complex, the country has nonetheless shown impressive improvements and resilience over the years. Before the coronavirus crisis, the number of extreme poor people was falling gradually. According to Bangladesh Bureau of Statistics (BBS) data, the poverty rate came down to around 20 percent in 2019 from 56.6 percent in 1990. The rate was around 75 percent in 1971. But now the picture is changing—due to Covid-19, the number of jobless people has increased drastically and income has fallen significantly in recent times. In an August 2020 report, the BBS revealed that between July 2019 and June 2020, the national poverty rate rose by 9 percent (from 20.5 percent to 29.5 percent). The South Asian Network on Economic Modeling (SANEM) forecasted that the rate would increase to 40.9 percent. Meanwhile, Bangladesh Institute of Development Studies (BIDS) projected that Covid-19 could push an additional 16.4 million people into poverty. All such predictions and data paint a rather bleak picture of our goal of ending extreme poverty by 2030. Therefore, unless we act now, a new rise in poverty along with the existing poor could seriously undermine the nation's development and damage our future economic well-being. Below are some issues that I think need urgent attention and policies that need to be restructured to bring the rest of our population out of poverty for good.

ECONOMIC GROWTH AND INCOME INEQUALITY

Economic growth is the major tool for fighting poverty. Although Bangladesh has observed steady growth in recent years, unfortunately, it has actually bypassed the major portion of the population while higher-income groups have been its main beneficiaries. There is no recent study on inequality, but a report titled, "Household Income and Expenditure Survey (HIES) 2016,"

published by the BBS shows that the rich-poor gap in terms of wealth accumulation has been widening in the country. The poorest 5 percent had 0.78 percent of the national income in their possession back in 2010, and now their share is only 0.23 percent. By contrast, the richest 5 percent, who had 24.61 percent of the national income in 2010, now has a higher share—27.89 percent to be precise. The report also shows that the income share of the bottom half of the population used to be 20.33 percent of the national income in 2010, but it has now fallen to 19.24 percent. In other words, the income of people higher on the economic scale has increased since



the last HIES was conducted in 2010. Particularly, the top 10 percent of the population now has a greater income share (38.16 percent) compared to what they had (35.84 percent) in 2010. On the contrary, the bottom 10 percent now has half (just 1.01 percent) of what it had in 2010 (2 percent).

Different research suggests that Covid-19 is contributing to further widening of income inequality in Bangladesh. Income inequality and poverty are directly interrelated, the rise in income inequality reduces growth which in turn deepens poverty.

The causes and factors of income inequality are multifaceted and complex. However, according to various studies, primary factors that deprive poor and vulnerable people of their most elementary rights and may lead to greater income inequality in Bangladesh include unequal access to education and employment opportunities, exploitation at workplace, low-wage jobs with scant benefits, high rates of youth unemployment, poor healthcare, corruption and lack of access to formal financial services such as credit, savings and insurance that higher income groups may take for granted.

Therefore, to overcome this problem,

our policymakers need to put an end to the culture of excessively rewarding those at the top and start serving all people. They need to ensure "inclusive growth"—that is the share of economic benefits from growth must reach all citizens. Priority should be given on issues of social protection, good governance and policies of redistribution of wealth—moving money from those with too much of it to those with too little, through the tax and benefit system (i.e. by taxing the upper-income groups at higher rates) and spending the revenue in sectors and areas such as free/

subsidised healthcare and education/skill development scheme for lower-income groups, so that they can get access to jobs that are more productive and rewarding.

POPULATION, EDUCATION AND SKILLS

In general, the population of a country is seen as its most important economic resource, but unchecked population growth can be detrimental to economic development. Some empirical studies have found that sometimes rising population helps economic development and sometimes it slows development down. It actually all depends largely on how the population is managed. Take for example China; a number one country in terms of population but they have utilised their population in a positive manner by cultivating a high quality, skilled workforce so that they can enjoy both work and life. On the other hand, India, Nigeria, Democratic Republic of Congo, Ethiopia, and Bangladesh happen to be the most populous countries of South Asia and Sub-Saharan Africa, but unfortunately, these two regions together account for 85 percent of the world's poor. The primary reason behind this situation is that in the past decade, the Chinese government has invested heavily on education and provided poor people with the appropriate knowledge and vocational skills required to move from informal employment into higher paying jobs, something that has not happened to that extent in these countries.

Poverty and education are inextricably linked—access to quality education can open the door to jobs, resources, and skills by which economically and socially marginalised people can lift themselves out of poverty. Bangladesh has certainly made remarkable progress in expanding primary education, especially when it comes to raising student enrolment and bringing gender parity. However, different research suggests that while the enrolment rate is appreciably high at primary level, a large proportion of them don't make it to secondary

schools. According to the Bangladesh Bureau of Educational Information and Statistics Report 2018, the dropout rate is 36 percent in secondary level education in the country, out of which 40.19 percent were girls and 36.01 percent were boys. And currently, there are about 4.3 million children in the age group of 6-15 who are out of school in Bangladesh. Also, a serious concern was raised that the quality and curriculum of our primary, secondary and higher secondary studies do not effectively serve the goals of human development and poverty eradication. There is a lack of adequate communication and collaboration between the government, academia and industry. According to a World Bank report titled, "An Early-Warning Indicator for The Human Capital Project", 55 percent of children are unable to read or write properly, or perform basic mathematical calculations even after five years at primary school and most of those who graduate from primary schools do not acquire the nationally defined basic competence.

Economists have, for a very long time, stressed that education has a significant role to play in poverty reduction in various ways. But faulty, divisive, discriminatory and contradictory education cannot produce good citizens, let alone take the country forward. Therefore, mere access to free primary schooling for poor children is not sufficient to ensure that they will do well enough to be able to compete successfully in today's competitive market. As such, we need to focus on improving the quality of education, the kind of education related to our life and its struggles which make poor children acquire necessary life skills so that they grow up with a truly global outlook and meet all the needs of the jobs of today and tomorrow. What is needed is a strategy of three Es: education, employability and employment. But this doesn't mean we should discard the old disciplines of reading, math, science, history, etc. While mainstream education is crucial and essential, targeted programmes are

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