

Economic inequality and why it must be addressed



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between the rich and marginalised groups. The unequal power relations help the rich and powerful consolidate their wealth. In the process, the entire dynamic becomes institutionalised, and the state facilitates that process, becoming a vested party to it. As a result, the poor become more marginalised and discriminated against in political spaces, social dynamics, decision-making, and even in the eyes of the law. As a result, human dignity and social justice for them become mere rhetoric.

Why is it important to address economic inequalities? There are moral and ethical reasons on one hand, and economic, social, and political reasons on the other. Discrimination among human beings and resultant inequalities on several planes are simply immoral and unethical. They are contrary to human rights and human dignity. Economic inequalities result in sub-optimal distribution of resources and depress economic growth. They also contribute to lower human development. Socially, economic inequalities destroy social cohesion and create social tensions between the advantaged and the disadvantaged. Economic inequalities

can also be a political time bomb, which, if it explodes, can destroy a society and a country.

Now the million-dollar question is: what can be done to address economic inequalities? There needs to be strategies and measures on the economic front, in social arenas, in political spaces, and also in the cultural spectrum. Economically, the policy package must embrace macro policies, meso-policies, and micro policies. In terms of macro policies, the growth strategy must be pro-poor and inclusive. Job creation must concentrate in areas where poor people live. Furthermore, it is not growth-led employment, but employment-led growth that needs to be pursued. Redistributive tax policies and pro-poor biases in both direct and indirect taxes can reduce the gap between the rich and the poor. Favouring the poor and marginalised groups in trade policies, monetary, and fiscal policies can reduce economic inequalities. Social protection can help those disadvantaged groups who are not part of the growth and market mechanisms and need help.

At the meso level, institutions must be reformed and built to implement the

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pro-poor and inclusive macro policies. Institutions can perpetuate inequalities, and thus institutional reforms are as important as policy reforms. In this context, the importance of correct data and reliable statistics can hardly be overemphasised. Disaggregation of data on different planes is key to understanding the dynamics of economic inequalities and addressing them. At the micro level, support for farmers, small and medium-sized enterprises, informal sector producers, and particularly women entrepreneurs, is of significant importance. No policy in favour of equality would be effective if it bypasses the issues of gender disparities in economic opportunities and the discrimination women face in their productive and reproductive roles.

In the political arena, people must have the voice and autonomy to express which economic inequalities they want to tackle. In fact, participation in the decision-making process to influence economic policy-making and implementation can help not only the political empowerment

of the common people but also address the economic inequalities they face. Such a process has economic inequality-dampening externalities. Inequalities in social services like health and education need to be tackled not only by enhancing the quantitative access of poor people to social services but also by ensuring the quality of services they receive. Levelling the playing field of social service opportunities would reduce social disparities, resulting in a reduction of economic inequalities. In recent times, access to ICTs has become a critical determining factor for inequality creation. Again, improved access for poor and marginalised people to quality ICT services can be key in reducing economic inequalities.

Inequalities, particularly economic inequalities, have become the defining issue of our time. An equitable society is the aspiration of the people of Bangladesh. Building an equitable and non-discriminatory society in Bangladesh is a difficult task, but definitely not an impossible one.



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