

Poverty Alleviation and Beyond: A Perspective for the Poor in Bangladesh

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Abstract

This study attempts to raise the voice against the unequal distribution of right, opportunity and social justice among the people of Bangladesh. The objective of this study is to establish the argument that poverty alleviation is a suboptimal strategy in Bangladesh. The strategy ought to target poverty elimination. One of the important obstacles to eliminate poverty in Bangladesh is implicit social class which patronizes corruption that creates obstacles to provide rights and opportunity and social justice for the poor. Information technology might address this problem through creating transparent database for the poor. Subsidy can be transferred directly to the poor through mobile phone this can play an important role to bypass so called classes in the society. This problem can be address through many ways what is more important is public commitment and appropriate planning.

Keywords: Poverty, Corruption, Social Class

JEL Classification Codes: O10, O15

I. INTRODUCTION

OVER the last several decades, there has been a plethora of studies examining issues of poverty alleviation including those related to the credit and insurance markets as well as self selection by the poor and targeting disadvantage groups. The associated policies are judged in view of their merits of optimizing the equity-efficiency trade off, in a typical market economy perspective. Despite that equity-efficiency trade off is a central concern of development policies targeted at maintaining a decent pace of economic growth and equitable resource distribution, the need for reducing the incidences of poverty by itself seem to be a very important and sensitive issue in a Least Developed Country (LDC) like Bangladesh. However the issues of addressing poverty concerns have been predominantly confined within poverty alleviation, instead of expanding these to encompass wider arena in a dynamic context. Such attempts would mean poverty alleviation endeavours be redesigned or reviewed, unless fresher approaches are undertaken, to eradicate poverty, which would be surely a more welfare enhancing objective from policy viewpoint.

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The constitution of Bangladesh is committed to uphold certain universal human rights, including the right to life and personal liberty and equality. The fundamental principle of the constitution is that state will address the need for availability of food, shelter, employment, health and education for all its citizen. According to High Commissioner for Human Rights, Mary Robinson, poverty is itself “ a denial of a whole range of rights based on whole individuals dignity and worth. These rights must be protected through effective legal system. Legal system around the world discriminate against people who cannot afford legal representation, are illiterate and lack the power to influence legislative processes (Anderson 2003a).

People's rights and opportunities are often compromised in Bangladesh due to flawed legal system. Lack of accountability and access to justice for the poor in Bangladesh is caused by the existence of anti-poor laws, including the laws that discriminate against people on the basis of income and wealth. The number of people below poverty line in Bangladesh has been decreasing over the years but little seem to happen with an appropriate socio economic transformation.

The Objectives of this paper is twofold. Firstly, we intend to establish the argument that poverty alleviation is a suboptimal strategy in Bangladesh given the nature and dynamics of poverty and policy options ought to target poverty elimination instead. Secondly, we further aim to justify that one of the biggest impediments to eliminate poverty in Bangladesh is the implicit social class, which in turn help practice corruption barring rights and opportunities for the poor.

The rest of the paper is structured as follows. Section Two provides a brief overview of the literature and Section Three discusses the nature of poverty in a Bangladeshi context. Section Four examines the context of moving beyond poverty alleviation and the role of the social class structure. Section Five provides a discussion of corruption as an impediment to poverty elimination and section Six concludes.

II.REVIEW OF PREVIOUS STUDIES

Rao (2008) shows that India's economic reform and accelerated economic growth work little to eliminate poverty. The paper emphasises three components such as market, planning and decentralization to the emerging development strategy. It also shows that India is able to achieve high growth but fails to link growth with social, equity and elimination of poverty. India's policy for poverty elimination along with improvements in equity and

social justice needs major changes in perspective, focus, priority and institution. Bardhan (1996) shows that government in many developing countries intervene in the market in the name of helping the poor. Government uses high tariff, quantities restriction and overvalued exchange rates, subsidized credit and under priced energy, water and other publicly provided inputs to help domestic producers. They use price control and trade restriction on agricultural commodities to keep food price low for the urban poor. These policies are counterproductive from the point of view of both efficiency and equity. Under pricing of scarce inputs such as capital, energy and environmental resources often leads to the adoption of capital-intensive and environment damaging projects that have adverse distributional consequences. Dreze and Sen (2008) show that direct actions are possible and desirable for achieving higher growth and greater equity. They maintain that many actions fail to alleviate poverty but are promising if properly planned and implemented. The success of direct action programme depends on political background. But political actions are not only difficult to overcome but also difficult to understand.

III. REVIEW OF THE DEFINITIONS OF POVERTY

Although little difficulty is faced to perceive the concept of poverty, there has not been a single approach to identify and define poverty.¹ The monetary approach entails measuring poverty in terms of shortfalls of consumption or income below a designated poverty line. The capability approach, pioneered by Sen (1985, 1999) rejects the monetary approach and defines poverty as capability deprivation.² The third approach is social exclusion, which indicates a process through which an individual is fully or partially excluded from the society in which the individual lives. The last approach is participatory poverty assessment, which takes into account the opinions and views of the poor people about their lifestyle and understanding of poverty.

The poverty line represents a minimum level of acceptable economic participation in a given society at a given point of time. Households whose members fall below the poverty line also tend to be large relative to the average family (Table 1).

Table 1. Average family size of the poor in selected economies

| Country | Poor Family size | Sources |
|----------|------------------|---|
| Brazil | 6 and more | Fishlow [1972] |
| Malaysia | 10 and more | Anand [1977] |
| Pakistan | 7.7 | World Development Report(World Bank) 1984 |

Source: R, Debraj (2009)

These large poor families have a high ratio of dependent members. In all examples the number of children per family was significantly correlated with their poverty. Larger families are likely to have lower per capita income because of the higher dependency ratio.

A natural characteristic of poverty is that it is correlated with the lack of ownership of productive assets. The poor are found more among the landless and near landless. India, Pakistan and Bangladesh all display a mix of poverty that is borne as much by landless labour as by small holders. There is an intimate connection between poverty and under nutrition especially in low income countries.

Table 2: Nature of poverty

| Year | Rate of income poverty |
|------|------------------------|
| 1991 | 58.8 |
| 2000 | 48.9 |
| 2005 | 40 |
| 2010 | 31.5 |

Source: Bangladesh Economic Review, 2008, 2011

IV. SOCIAL CLASS AND THE ENIGMA OF POVERTY ELIMINATION

Bangladesh has seen consistent economic growth over decades and there has been impressive record of development as well, such as those exhibited through improved Human Development Index (HDI) and the

¹ See Ruggeri Laderchi, Saith and Stewart (2003) for a detailed discussion of these approaches.

² Sen (1985, 1999) argued that five components are needed for assessing capability. These are: (i) the importance of real freedoms in the assessment of a person's advantage, (ii) Individual differences in the ability to transform resources into valuable activities, (iii) The multi-variate nature of activities giving rise to happiness, (iv) A balance of materialistic and nonmaterialistic factors in evaluating human welfare, and (v) Concern for the distribution of opportunities within society.

country's relative world ranking. Export trade has been diversified in the recent past, easing reliance on ready made garments and through growth of industries such as pharmaceuticals and more recently, shipbuilding and electrical appliances. It is important to note however, that by and large the merits of these achievements are attributed to the fast growing private business sector. The resultant economic growth associated with the unprecedented strides made by a host of the non government organizations (NGOs) especially in rural Bangladesh have helped alleviate poverty over years. This is indicated as the proportion of people living below the poverty line fell over the last decade. This advancement of moving from below the poverty line to above the poverty line is well regarded by public and private policy bodies since this indicates an easing of the burden or sufferings of the extreme poor, also known as the poorest of the poor. However, the poverty alleviation or the easing of incidences of poverty in Bangladesh seems to be a suboptimal strategy in view of a number of concerns. Firstly, poverty line defined as \$1.25 is used to identify the extreme poor people and not the poor in general. Given that a high majority of the population of the country is still poor, the poverty alleviation successes in a dynamic context may often convey misleading message as to what has been actually happening with the standard of living of the poor. This is so because many of the extreme poor who experience alleviated poverty fail to maintain the pace of improvement of their livelihood, and hence may face fluctuating living standards; in the worst case scenario of which they fall back below the poverty line for a short or prolonged span of time. There are a number of reasons why this may happen so. Secondly, poverty is often understood in terms of the money income of the poor and issues such as socio economic opportunities and the contexts in which the poor are exposed to are disregarded, although these aspects have been heavily emphasized by the group of economists led by Sen (1976, 1985, 1999). Thirdly, objectives of many of the rural advancement programmes including those promoting micro credit led by Grameen Bank could be often dubious or multifaceted. For example, micro credit programmes are known to have achieved both poverty alleviation and women empowerment in rural Bangladesh.

In the context of Bangladesh therefore, a move beyond poverty alleviation is expected to render significant benefits to the poor people as this would mean end of sufferings of a vast majority of the population. However, this could be a daunting task since poverty elimination will require creating the socio economic opportunities that the poor deserve. We argue that creating opportunities for the poor in Bangladesh is implicitly barred by social class structure, which in turn is nurtured and caused by policy distortions, prejudices and corruption mainly with the public sector.

A characteristic of the population of Bangladesh is that people have the same ethnic background except for the tribes that consists of only a very small proportion of the population. One advantage of such demographic structure is that issues of racial tensions and racial discriminations are virtually non-existent, which could have been otherwise damaging for the internal peace and community harmony for any country. The use of the caste system in the country's Hindu community also seems to be declining. Nevertheless, in Bangladesh, people seem to be discriminated through implicit social class differences. These class differences have grown within the society with divergence of income and education etc. over years. The middle class and above, including the rich tend to nurture prejudices and self-esteem in a way that impede or minimize interactions with the poor.

V. CORRUPTION AND DEPRIVATIONS

It is now widely known that corruption has stifled the Bangladesh economy. As discussed earlier, the country's real economic growth has been still somewhat impressive at 5 to 6 percent on average thanks to the contribution from the fast growing private sector. However, many economists believe that the country's economic growth could accelerate further if corruption could be prevented or kept within reasonable limits. Implicit in this argument is the indirect benefits that the poor would reap in the absence of corruption. But it is perhaps more important to understand the true adversities of corruption and the ways these are imposed (Lovei and McKechnie, 2000). Corruption, especially with regard to the public sector is an evil tool used predominantly by the people in the middle class and the rich in Bangladesh, which raises income inequality worsening the incidences of poverty (Gupta, Davoodi and Alonso-Terme, 2001). Hence, while corruption serves the private interest of the people in the upper rungs of the social class ladder people through pecuniary benefits, it imposes a heavy burden on the poor as they may have to often bear the cost of corruption. A very simple example of this is when the poor farmers are compelled to buy fertilisers from the dealer shops or elsewhere at a price higher than that fixed by the government, or when other government subsidies or supports are not rendered properly to the poor. Also, the poor tend to have least support from the law enforcing authority as well as the judiciary system due to corruption that the poor cannot afford to be a part of, unlike the people in the upper classes. Hence, corruption significantly limits the rights and opportunities for the poor deterring possibilities of poverty elimination.

VI. CONCLUDING NOTES

In this paper we raise a couple of concerns regarding aspects of poverty in Bangladesh. In the first case, we argue that although poverty alleviation has been targeted both by public and private policy organisations and

have been often prioritised through a number of policy avenues, it is the elimination of poverty that ought to be achieved thereby ensuring significant social welfare gains. In the second case, we discuss that poverty elimination is severely barred by the existing social class structure in Bangladesh, which implicitly segregates the poor through corruption and inaccessibility to rights and opportunities. Our discussion could potentially ignite a great deal of debate as to the nature and magnitude of class differences, corruption and social justice in Bangladesh, as data and information could be limited and/or may lack conformity. However, it is not difficult to discern the distortions that the poor are exposed to, which defy some of the basic norms of democracy and individualism.

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