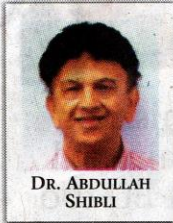


A tale of two cities



DR. ABDULLAH SHIBLI

I read with interest a recent story on Dhaka, the city where I was born, on the pages of this newspaper. In *Unequal City* (March 11, 2017), Professor Adnan Morshed paints a painful picture of urban squalor

coexisting with shiny parlours and gleaming supermarkets in the city. Even the casual visitor can't help but notice the dark contrasts that mark our urban landscape: poverty and riches, squalor and extravagance, dilapidated houses and luxurious mansions. But, Dhaka may only be a microcosm of the nation where prosperity appears to be accompanied by extreme poverty and deprivation. And in this respect, Bangladesh is not an exception by any means.

When Charles Dickens wrote his monumental work, *A Tale of Two Cities* in 1859, he was referring to London and Paris. The novel depicts the plight of the French peasantry during the French Revolution who were "demoralised by the French aristocracy in the years leading up to the revolution, the corresponding brutality demonstrated by the revolutionaries toward the former aristocrats in the early years of the revolution, and many unflattering social parallels with life in London during the same period." The book was published in 1859 and Britain had witnessed the ravages brought about by the Industrial Revolution.

What does this epic novel have in common with today's Bangladesh? First of all, during a period of rapid change, some sections of the population gain and others lose. Whether the contrasts we see today in Dhaka or Bangladesh are similar to those that Dickens saw in London or Paris is debatable, but there is no denying that inequalities, however we measure it, and whichever metric we use, is of concern.

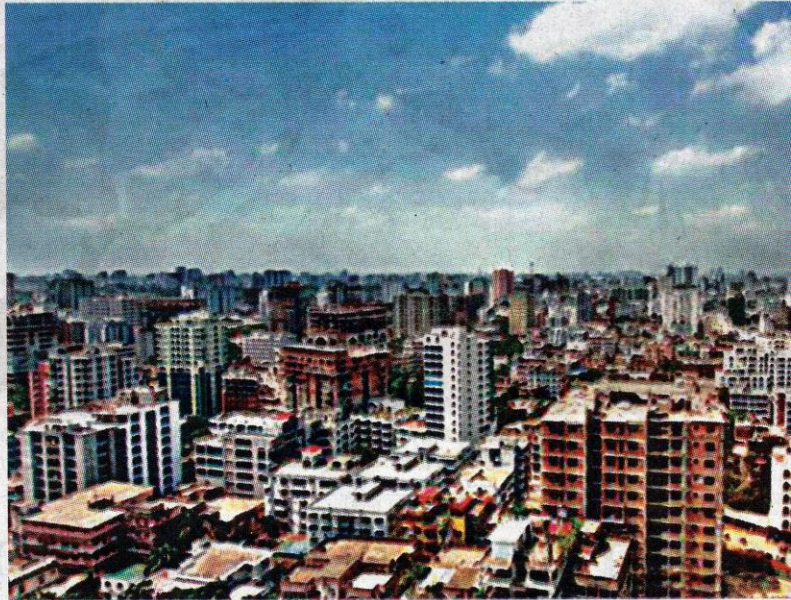
Secondly, Dickens was not a social scientist in the sense we use the term today. But his impressions of the social cost and the implications for national progress were dead on target. For Bangladesh, we know that beneath the veneer of prosperity there is privation and seething resentment emanating from the friction between the haves and the

haves-not. And one does not have to look very far to see how the daily struggle of those who are barely eking out a living coexist in an incongruous pattern with the lifestyle of those who are at the top echelons of the social structure.

If it's any comfort to us, this dichotomy between segments of the population is commonplace in every modern society. In the US, my own roaming ground Massachusetts was ranked first in "Best States" list by US News and World Report. The ranking is based

this outcome to the contrast between some of the affluent neighbourhoods in the east and the rest of the state. At the global level, income and wealth disparity has worsened, but latest data released by the World Bank shows inequality has lessened in more than 40 countries - including Brazil, Peru, Mali and Cambodia.

As an economist who works with statistical measures, I can see how macro numbers or even some measures of inequality can conceal the real extent of disparity. To get a better



Aerial view of Dhaka city.

on seven metrics: health care, education, crime and corrections, infrastructure, opportunity, economy and government. However, even in this prosperous state, one cannot help but notice that while some of the professions and businesses are flourishing, a sizable number of communities and income-earners are languishing. In the recent election, this predominantly Democrat state gave 33 percent of its vote to Donald Trump, and many towns and cities lying to the west of Boston voted for Trump. Observers attribute

sense of how the rest of the country is doing, in countries such as Bangladesh, where data is hard to come by or sometimes unreliable, one needs to go beyond per capita income or growth rate and consider metrics such as the number of people below the poverty line, trends in landless population, and the share of income going to the lowest half as a percentage of the upper half. And let's look at the trend in these areas.

To start off, the growth rate in GDP and per capita income in Bangladesh is

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impressive. Against this backdrop, an estimated 35 percent of the population in rural areas and 21 percent in urban areas live below the poverty line, according to Rural Poverty Portal. In the major cities, "a significant proportion of Bangladeshis live in squalor in dwellings that fall apart during the monsoon season and have no regular electricity." Even among the poor, there is considerable divergence in terms of economic, social, physical and other characteristics.

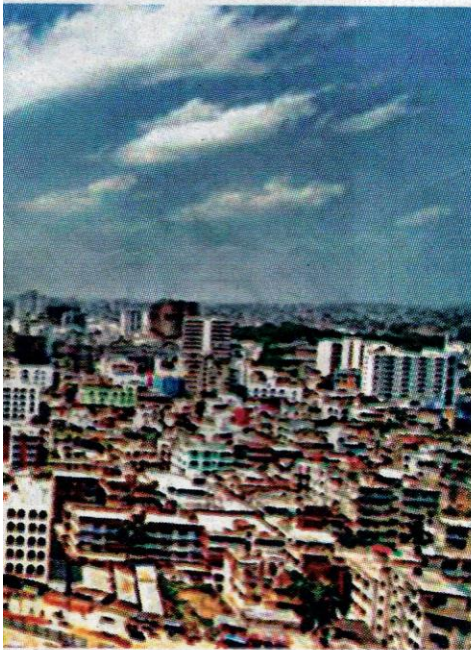


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Then research shows that the general trend of increasing landlessness in Bangladesh. A study in the Journal of Social Sciences notes, "Landless households in the study area are about 44.35 percent of the total population size of the study area. However, from the primary survey conducted in 2005, it is found that 52.14 percent of households are landless among the total number of respondents. Therefore, by comparing these two data series, it is clarified that the trend of landlessness in the study area is increasing with time"

("Landlessness and its Impact on Economic Development: A Case Study on Bangladesh" by Md. Habibur Rahman and Sompravin Manprasert). The social and economic fallout from landlessness is well known.

Finally, development efforts in the country have opened up new opportunities and hopes, but high concentration of wealth and property in the hands of a few has affected lives of millions of common people, writes Prof. Dr. M A Jalil of Eastern University. Using data from The Wealth-X World Ultra Wealth Report 2015-2016, he concludes that the number of Bangladeshis "who possess at least wealth amounting USD 3 crore, (i.e. Tk. 250 crore) is increasing." Dr. Sadiq Ahmed of PRI wrote, "In South Asia comparable income distribution data are not available for all countries except India and Bangladesh. They show that income inequality in Bangladesh is substantially higher than in India. Also, inequality is falling in India."

And, the ratio of income share accruing to the top 10 percent to the bottom 10 percent grew from 10.14 to 17.92 during 1973-2010. In a paper presented at the Bangladesh Economic Association Conference last year, Prof. Khan A Matin of the Institute of Statistical Research and Training (ISRT), University of Dhaka, concluded that for urban areas, the income ratio jumped from 9.12 to 17.54 during this period, exhibiting an average annual growth rate of 2.56 percent whereas in rural areas the corresponding rate was 1.06 percent.

The policy implications of the growing divergence or "segmentation" we see are manifold. Job creation programmes in rural areas will enable the landless to make a living and somewhat stem the rural to urban migration. According to a report by the World Bank, "Investment in and expansion of the rural non-farm enterprises (or RNFES) is a parallel priority for Bangladesh. RNFES can help households become more resilient to climate shocks through income and livelihood diversification." And to quote Dr. Mustafa Mujeri, former Director General of BIDS, "Such multidimensionality of the poor's interlocking deprivations suggests that a strategy of increasing income alone may not be adequate for reducing poverty."

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The writer, an economist, is currently working on two new books on economics.