

The Emerging Rich-Poor Gap in Bangladesh and Its Solution from Islamic Perspective

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The last few decades witnessed a growing frustration with the perception of higher growth rate as the ultimate objective of all development activities. The evidence of growing number of poor people around the globe especially in LDCs despite the widespread claim of higher growth rates attained in these countries has reduced the prominence of growth mania. The development experience of last two decades shows that the benefits of higher growth rates trickled up rather than trickling down to the poor as traditionally believed. Higher economic growth cannot be the top priority in economic development planning unless it can bring about concomitant reduction in the prevailing incidence of poverty.

It is true that for economic development, a country needs a higher GNP and a faster growth rate. But in the context of a developing country, the question is who would enjoy the benefits of GNP growth. If the rich were to claim it, then poverty and the inequality in income distribution would worsen and more people would be deprived. If the poor were to attain it, the majority of the people would share the fruits of economic growth and the prevailing inequality in income distribution would be reduced. In other words, attention should be given to both higher growth rate and policies geared to the purpose of making the economy more egalitarian. It should be mentioned here that income inequality in Bangladesh has increased to a significant extent in recent years. From a country of low inequality in the 1980s, it has now become a country of high inequality. Inequality has increased more in the urban areas.

While the share of the bottom 20% of households in total income has declined during the last two decades, the share of the top 10% has registered a significant

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increase. The rate of poverty reduction in Bangladesh could have been faster had inequality not widened. In Bangladesh there has been a gradual acceleration of GDP growth which crossed 6% mark since 2004. However, if the growth performance is put in the perspective of other Asian Countries, it would not appear to be very impressive. In terms of per capita income, the gap between Bangladesh on the one hand and India and Sri Lanka on the other has increased. India has been experiencing a much higher growth (over 8%) since 2003-04. China has been having a double digit GDP growth since the 1980s. The rate of investment (as percentage of GDP) in Bangladesh (25%) remains lower not only compared to China (43%) and India (34%), but also to Nepal (29%) and Sri Lanka (over 26%).

In Bangladesh despite the growth of per capita GNP, the share of GNP going to the poor sections of the people declined drastically. Per capita GNP in 1996 constant prices almost doubled from Tk.8,688 in 1974 to Tk.14,028 in 1996 but the income shares of lower income groups decreased during the same period. The top 5% acquired income almost twenty seven times as high as the income of the lowest 5% in 1996. The share of the lowest 40% of households fell gradually from 18.3% to 15.54% during the same time period. The ratio of the highest 20% to the lowest 20% increased from 6.3 in 1974 to 8.8 in 1996. These facts indicate that during the last twenty four years between 1974 and 1996 higher values of per capita GNP and higher growth rates of GNP were attained at the cost of increased inequality in income distribution. The increased per capita GNP in Bangladesh not only widened the gap between the poor and the rich overtime, it could not prevent the number of poor people from increasing since liberation. At present, the gap between the rich and poor is very wide. With the increase in the growth rate of national income, there is a simultaneous increase in the number of poor people living below the poverty line. This contradiction may be explained by the proposition that phenomenal growth has been achieved by the richer section of people while the poorer section remains outside the growth range. Marginalized poor people are sinking below the poverty line, probably getting no ladder to go up.

If we draw poverty shades in the geographical map of Bangladesh, the country will be economically divided into two zones: (i) poverty zones comprising mainly rural areas and (ii) prosperous zones comprising city and urban area. Therefore, Bangladesh is now a country of two economies. A small section of people has accumulated fabulous wealth leaving the larger section of people in poverty. It is said that only 5 percent of the population enjoy 45 percent of the national wealth. They are all city dwellers. It is also assumed that around 5 percent

of population enjoy around 5 percent of national wealth. They live in the rural areas and also in city slums. The divide is crystal clear. Top class is not only rich, they are brutally powerful. They do not believe in sharing and caring. They believe in accumulation only. Due to lack of commitment and political will, successive governments failed to stop squandering of public money and to eradicate the widespread corruption in the society. A lax and chaotic law and order situation only worsened the economic condition of the country. It is rather sad when a community or a nation becomes degenerated and reaches a stage where people do not feel shame or embarrassment for having accumulated dirty wealth. The point of no return is reached when society accommodates the corrupt and wealthy, and people feel proud to be related to, or friends of, those who are visibly corrupt, and even elevated if they are only acquainted with them.

Many of the blatantly corrupt are socially accepted, in some cases even respected, feared and revered, in stead of being avoided. Until such time society changes its attitude and starts socially boycotting at least silently those corrupt people, no law, no anti-corruption drive will have meaningful impact on the life of the people. It is people and not the government alone who need to change their attitude towards those who destroy the basic values of life. At such a stage it becomes a necessity to look deeply and re-examine the dignity of life and value of existence. Accumulation of wealth is not necessarily a crime, but the means adopted needs to be examined and society needs to be aware of the means and methods used in reaching the super-rich status. People need not be terrorized by the wealth of their relatives, friends and acquaintances, who might not have achieved it through transparent means. When the source of wealth is not transparent or accountable and remains questionable, society can express its revulsion and distaste by distancing itself from the company of those corrupt giants of the society. Those giants feel no shame in demonstrating their wealth by building massive luxury houses and apartments, driving expensive vehicles, sending their children to expensive universities overseas, and even investing in real estate abroad. We take pride, instead of feeling shame and embarrassment in talking about those people's acquisitions knowing fully well the dubious sources of their income and the grossly disproportionate wealth they possess. These corrupt people become admirers of art, culture and literature overnight. Some enroll themselves as members of shushil samaj, spreading words of wisdom. They participate in talk shows and appear in TV interviews positioning themselves in front of colourful bookshelves, which would have embarrassed Karl Marx, who spent 12 to 18 hours a day reading books in British Museum for many years. This is how some highly corrupt individuals camouflage themselves. Frederic Bastiat rightly

remarked, “When plunder becomes a way of life for a group of men together in society, thus create for themselves in the course of time, a legal system that authorizes it and a moral code that glorifies it”.

The rich-poor gap has also been widening due to the disappointing performance on the employment front. Even though open unemployment in an economy like that of Bangladesh normally remains low (because there is no unemployment insurance and the poor cannot afford to remain unemployed), the rate of open unemployment has increased over time from 2.5% in 1995-96 to 4.3% in 2002-03. The structure of employment is not changing in a direction that is expected of an economy undergoing development. One expects to see the share of industry in total employment rising along with a decline in the share of agriculture. That is not happening in Bangladesh (although absolute numbers employed in manufacturing may have increased). The manufacturing sector is not doing very well; while traditional industries like jute and cotton textiles, sugar, matches, etc. have declined, there has been significant growth in only one new industry (viz., garments). And that is not adequate to put the country on a path of economic development that could absorb the surplus labour in higher productivity activities. Jobs in construction and most services subsectors are actually of low productivity in nature, and do not help much in reducing poverty and improving the quality of living of the people on a sustained basis. What is more worrisome is the decline in the employment generating capacity of the economy. In 1980s, 1.82% GDP growth was required to produce a job growth of 1% per annum; but in the 1990s, over 2% GDP growth was required to produce the same rate of employment growth. With the current rate of employment growth in relation to GDP growth, the economy needs to achieve a growth of 8% to produce an employment growth of 4%, which is the absolute minimum, given the rate of growth of labour force and the backlog of unemployment and underemployment.

Eminent economist and first deputy chairman of the Bangladesh Planning Commission Prof. Nurul Islam opined that an unusual price hike in land prices, the culture of default loan with banks and massive tax evasion are widening the rich-poor gap in Bangladesh. He is of the view that rising inequality is a global phenomenon and the recent economic crisis has worsened it still further.

Prof. Azizur Rahman Khan, a Bangladeshi economist and a teacher of the University of California has said that the world has witnessed remarkable changes in the past several decades based on three major factors; growth, inequality and international migration. He is of the opinion that the distribution of income has become increasingly unequal during the last two decades. He holds the view that

poverty would have been eliminated if inequality did not increase. He blamed the growing inequality on accumulation of wealth by a section of people, gap in implementation of strategies and imbalanced distribution of wealth.

Prof. Rehman Sobhan holds the view that enormous inequality, particularly in the human development area, prevails in Bangladesh. He is of the opinion that broadening the ownership of productive assets can reduce the inequality or rich-poor gap. He blamed institutional failure for the poor quality of education and healthcare services.

According to Prof. M.M. Akash, the unsung heroes of much heralded growth of Bangladesh are our peasants, garments and migrant workers and micro and small entrepreneurs. The ruling class keeps them outside the main stream growth process and favours the rich non-performers. Prof. Akash is of the view that collective ownership of all means of production, universal literacy, democratic land reform and reversal of traditional patron-client political structure are fitting tools to apply for achieving that desired objective.

Eminent banker Khondakar Ibrahim Khaled is of the view that the gap between rich and poor is very wide in Bangladesh. According to him, there is a strange contradiction that phenomenal growth and increase of national income simultaneously triggered further increase of the number of poor multitude.

In this connection it should be mentioned that productive employment provides the key link between economic growth and poverty reduction. It also needs to be recognized that a rise in inequality in the distribution of income can blunt the poverty reducing effect of economic growth and that is what has been happening in Bangladesh for the past two decades or so. It is now just time to tackle the problem of inequality head on. From the point of view of accelerating the rate of poverty reduction on a sustained basis, it should be noted here that a large segment of the population (many of whom may not be poor) in Bangladesh remain vulnerable to external shocks caused by natural calamities and economic crises of various types, e.g., sharp increase in food prices and economic downturns. Such shocks affect not only the poor; they often cause what is known as transient poverty, non-poor people near the borderline falling into poverty. The measures of social protection can play an important role in tackling such transient poverty as well as in helping the poor. In fact, at the international level, there is a growing recognition of the importance of a 'basic social floor' below which the poor and the vulnerable should not be allowed to slip. It is probably time for Bangladesh to give some consideration to the building up of a 'basic social floor', of course, taking into consideration the ground realities of the country. In that context, it

would be important to institute ‘automatic stabilizers’ which can play the role of supporting the poor and vulnerable during a crisis. In developed countries, different social security measures play the role of automatic stabilizers. Given the structure of the economy of Bangladesh where informal employment predominates, a rights-based approach to employment and special programmes for guaranteed employment based on such approach may be useful. Such a programme can also incorporate unemployment benefits in the event of the inability to provide employment. Given the frequency of external shocks and the vulnerability of large segments of the population in the face of such shocks, it has become important to think of such an approach to employment. Of course, one may raise the issue of the fiscal space needed for such a program. A recent exercise undertaken jointly by ILO and BIDS demonstrates that Bangladesh can meet the necessary costs of such a program from its own resources. But given the plethora of social safety net programs that exist in Bangladesh, it would be important to adopt a strategic approach to the issue of social protection and formulate an integrated approach. Such an approach will help economize resources and make implementation easier.

The Holy Qur’an and Prophetic Sunnah in numerous places allude to the significance of social responsibilities of Muslims to the poor and weak. Some citations from the Holy Qur’an may be made in this connection:

“And give them of the wealth which He has given you.”(An Nur:33) “Believe in Allah and His Messenger, and spend whereof He has made you heirs.” (Al-Hadid:7)

“And those who hoard up gold and silver and spend not in the way of Allah, announce to them a painful chastisement.” (At-Tauba:34) .

“Whatsoever Allah may restore unto His Messenger, is due unto Allah and unto His Messenger – the orphans and the needy. So that it may not be confined to the rich amongst you.” (Al-Hashr:7)

In line with the teachings of the Holy Qur’an, prophetic missions are one way or another meant for liberating people from all types of injustice, aggression as well as economic and political exploitation. It was the mission of our prophet (SAW) to protect the rights of weak and poor people in the society and secure them a sense of social justice and protection from strong and affluent sectors of the society. It is not enough for us to understand just some aspects of social responsibilities at theoretical and conceptual level; as a Muslim we must realize the practical dimensions and their implications to bridge the gap between the rich and the poor. It is true that Muslim community is the most charitable community in the world in that each and every rich Muslim is obliged to pay 2.5% of his or

her wealth annually by divine instructions. Yet, Muslims lack systemization and organizational skills to distribute charities like Zakah, Sadaqah etc. in any cohesive and sophisticated ways. It is high time for our political and religious leadership and welfare organizations to review the collection and distribution of Islamic charities and religious dues in systematic and methodological ways to the greater interest of poor and weak people of Muslim community in our society. The Islamic charitable funds and religious dues should be utilized as means of poverty reduction and creating long-term employment opportunities. We may follow the example of Malaysia in this regard. Malaysia has transformed the Zakah collection system into a kind of productive industry for creating employment opportunities and income generating activities.

The Islamic Council of Wilayah Persekutuan Kuala Lumpur (MAIWP) established the Center for Zakah Collection (Pusat Pungutan Zakah or PPZ), which performs its functions through 14 Islamic Councils (one for each state) for Zakah. The main objective of the Center for Zakah collection is (i) to increase the collection of Zakah, (ii) to increase the amount of Zakah payers year by year, (iii) to increase the ability of professional management to cope with the current technology, (iv) to maximize the customer satisfaction through services offered, and (v) to inculcate the Islamic work environment. The vision of the Center is: (a) to increase quality of service, (b) to ensure excellent management, (c) to apply current technology, and (d) to develop human resource. The basic task of the Center is to make planning, prepare annual budget, determine target groups, activities, cost, work force and period/ duration. The Center performs various activities according to the respective unit and co-operate with some organizations such as banks, government departments, private firms, mosque, radio, television, newspaper etc. The types of Zakah defined by the Center are (i) Zakah on self-assessment (Al-Fitr), (ii) Zakah on income, (iii) Zakah on business, (iv) Zakah on saving, (v) Zakah on shares, (vi) Zakah on employers' provident fund, (vii) Zakah on gold, (viii) Zakah on wealth/property, (ix) Zakah on agricultural production, (x) Zakah on cattle, and (xi) Zakah on buried treasure. Zakah to the eligible persons of different categories is given as assistance for various purposes. For instance, direct assistance for the poor and the needy is given in the form of food assistance, financial assistance, medical assistance, educational scholarship, school uniform assistance, assistance during the month of Ramadan, house rent assistance, marriage assistance, maternity assistance, business assistance, skill and entrepreneurial assistance, building/home repairing assistance, shelter assistance, house equipment assistance, cloth assistance etc. The above stated Malaysian model of Zakah collection and distribution has attained tremendous

success in Malaysia. If we can replicate the same model here in Bangladesh, I confidently believe that similar type of success will be attained in Bangladesh Insha Allah and this will definitely contribute to the reduction of poverty and the increasing rich-poor gap in our society to a significant extent. Needless to say, only Islamic measures can guarantee provision of basic human needs such as food, clothing and shelter to everyone and ensure fair and equitable distribution of wealth and income thereby providing best solution to the rich-poor gap. Let us now work towards that direction for an effective and everlasting solution of the problem of poverty, inequality and rich-poor gap. May Allah (SWT) help us to fulfill such a noble mission.