

# Income inequality worsening in Bangladesh

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Statistics on income inequality, and indicators of social distress, belie the claims of the Bangladeshi government that economic growth and development are benefiting workers and the poor.

A World Bank report published on April 7 echoed the government rhetoric, stating that “Bangladesh is regarded globally as an example remarkable progress in poverty reduction and human development.”

The report said that in 2014, Bangladesh reached the status of a “low middle-income country.” If the “right policies and timely action” were implemented, the country would be elevated to the middle income bracket by 2021.

The Household Income and Expenditure Survey for 2016, published by the Bangladesh Bureau of Statistics (BBS) last October, however, demonstrated that the spoils of economic growth have gone to the capitalist elite. Every aspect of the report, detailing income, expenditure, along with access to education and health, showed a widening gap between the rich and the poor.

BBS is a government body that provides limited statistics. Its latest report covers the period from April 2016 to the end of March 2017. Since its previous survey, in 2010, social polarisation has widened.

The report claimed that the proportion of people in poverty fell from 31.5 percent in 2010 to 24.3 percent in 2016. The percentage of the population living in extreme poverty allegedly declined from 17.6 percent to 12.9 percent.

The figures showed, however, that poverty reduction declined to an annual rate of 1.2 percent, down from 1.7 percent in 2010.

Moreover, the income share of the poorest 5 percent of the population was 0.23 percent, a sharp fall from the 2010 figure of 0.78 percent. In contrast, the richest 5 percent’s income share rose to 27.89 percent, up from 24.61 percent in 2010.

The top 10 percent’s income share rose from 35.84 to

38.16 percent, whereas the bottom 10 percent saw their share halve from 2 to 1.01 percent. Every decile in the bottom 90 percent of the population experienced either a decrease or stagnation in its income share.

The *Daily Star* pointed to the social reality behind the numbers. It stated: “Lack of access to education for poor household children, unequal employment opportunities, severe exploitation, low-wage level jobs, high rate of youth unemployment and poor healthcare make vulnerable layers in the society suffer from extreme poverty. Lack of proper education is directly correlated with poverty and unemployment.”

The average national monthly income was 15,945 taka (\$US192), barely above the average monthly expenditure of 15,715 taka. For poor and working-class families, more than 98 percent of income was spent on the minimum daily necessities of life.

The situation was particularly dire in rural areas. Average monthly income was 13,353 taka, while average monthly expenditure was 14,156 taka. In other words, for most of the rural masses, expenditure exceeded income. This has created a mounting debt crisis and condemned hundreds of thousands to abject poverty.

Despite the government’s claims of improving education, the national literacy rate was just 65.6 percent, one of the lowest in South Asia. Rural literacy was only 63.3 percent. Many rural youth are deprived of an education, and are forced into back-breaking manual labour while still in childhood.

The indices contained in the report also underscore a crisis of the healthcare system. Only 15.44 percent of the total population who required some form of medical attention over the survey period were treated by a qualified doctor. Another 22.51 percent received care from individuals without official qualifications.

A myriad of health problems have emerged as a result of poverty and lack of access to adequate healthcare.

According to the report, 20.54 percent of the population suffered from gastric ulcers. Some 13.15 percent and 10.62 percent were afflicted with rheumatism and respiratory diseases respectively.

Social safety net programs (SSNP) are also grossly inadequate. Only 34.5 percent of rural and 10.6 percent of urban households received SSNP assistance. Just 11 million households received government assistance in a poverty-stricken country with a population of 166 million.

An article in the *Daily Star* on April 7 noted government claims to have reduced the rate of unemployment to 4.1 percent. Some 40 percent of workers, however, are underemployed, with many struggling to make ends meet after a few hours of work. The newspaper also reported that a third of youth are unemployed. “Most alarming is graduate unemployment which now stands at 47 percent, the highest in the South Asian region,” it added.

The conditions of the working class have deteriorated.

The Fair Labour Association (FLA) published a report last month based on a survey across 18 factories. It found “that not a single garment worker among the more than 6,000 whose wages were studied was earning income even close to a living wage, measured against any living wage benchmark.”

It stated that “the average worker would need an 80 percent pay raise to begin earning wages equal to even the most conservative living wage benchmark under consideration in this report.”

The FLA added that when it began the study in 2015, its “researchers found that garment workers in Bangladesh were achieving the lowest purchasing power of all the 21 countries studied at that time, and that the minimum wage in Bangladesh fell below the World Bank Poverty Line.” That poverty line is \$1.90 a day.

As the figures demonstrate, the claims of the Bangladeshi government, and the World Bank, have nothing to do with the reality confronting millions of ordinary people.

Economic growth in Bangladesh has been based on the super-exploitation of workers in the garment sector, and other industries, by multinational companies and the local ruling elite. This has enabled the ten richest individuals in Bangladesh to accumulate a combined

wealth of US\$ 6.8 billion, amid mass destitution and suffering.



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