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# Structural inequality in South Asia

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The South Asian Network on Economic Modeling (SANEM) organised a two-day annual economists' conference (February 18-19, 2017). The first day of the conference was devoted to an interesting panel discussion titled 'Managing Growth with Social Inclusion'. The panel comprised eminent social scientists from home and abroad - Mustafizur Rahman, Selim Raihan, Saman Kelegama, Posh Rajpandey and Sabyasachi Kar. The session was moderated by Professor Wahiduddin Mahmud while Professor Rehman Sobhan graced the occasion as guest of honour.

Selim Raihan kicked off the discussion pointing to some interesting puzzles that were recently discussed in development discourse of Bangladesh. He compared the country's performance with a host of other countries. Special mention may be made of the difference that he found in social indicators with India and Pakistan despite Bangladesh's relatively low per capita income. Some of the gaps at the early stage of growth in Bangladesh were narrowed down over time.

Mustafizur Rahman of CPD (Centre for Policy Dialogue), while explaining exclusion episode, argued that there was apparently a disconcerting disconnect between what is proposed by the UN and delivered by institutions like the World Trade Organisation (WTO) in the way of allegedly denying market access to developing countries. It is thus no wonder that social inclusion, as envisaged by the Sustainable Development Goals (SDGs), gets a big blow - in place of a boost - from discriminatory stances of the developed countries on trade issues.

Saman Kelegama presented interesting dynamics sweeping Sri Lankan economy. Despite having an adorable HDI (Human Development Index) ranking in world map - in fact much above South Asian average - Sri Lanka lingers with low participation of women in labour force. The Lankan government has been contemplating a number of ways to put women to work. Meanwhile, although incidence of poverty has dipped over time, growing inequality has cast a gloom on the horizon.

Sri Lanka has failed to reap home demographic dividend as the youth bulge took place during the war-torn periods. On the contrary, as a greater proportion of population reaches retirement age, more people will be drawing from public-funded pension schemes which could absorb greater fraction of future national expenditure. National labour force will be further burdened with outward migration of young local talents if the existing low level of female labour force participation in Sri Lanka continues (at present 36 per cent). Furthermore, statistics shows that the labour force participation of the Sri Lankan elderly population has also remained low. However, Wahiduddin

Mahmud, the moderator of the session, left no time to quiz by observing that 'you need to grow rich before you grow old!'

Given this syndrome, the take-away lesson for Bangladesh from Sri Lankan experience is that the country should make all-out efforts to reap home demographic dividend lest it laments the most later.

An ardent advocate of a just society, Rehman Sobhan outlined the structural sources of inequality in South Asia as a whole. According to him, the main structural drivers of inequality are as follows: (a) inequitable access to productive assets such as to land, water and water bodies to enable a decent living; even with access to these resources but with exploitative arrangements. Such inequities and access to agrarian assets do not derive from the competitive play of market but from injustice of history and therefore lack moral as well as social legitimacy, (b) inequitable participation in the market due to disconnect of the rural to more dynamic sectors leaving the rural only as primary producers, (c) inequitable access to human development in the form of insufficient and inequitable access to health care compounding the crisis. Differential access to quality education, coupled with other constraints, tend to deter just distribution of educational dividend.

And finally, it is unjust governance. He said: "Inequitable and unjust social and economic universe is compounded by a system of unjust governance which discriminates against not just the resource poor but large segments of the less privileged sections of society, effectively disenfranchising them from the political benefits of a democratic process…… The agencies of law enforcement insufficiently protect the excluded and frequently oppress them for personal gain as well as on behalf of the elite. The judicial system denies these groups elementary justice both on grounds of poverty as well as the social bias of most Third World judiciaries….In such a social universe the excluded remains tyrannised by state as well as money power and have to seek the protection of their oppressors, within a system of patron-client relationships, which perpetuates the prevailing hierarchies of power…".

The structural inequalities could perhaps be corrected with the following policy interventions: expanding ownership and control of the resource-poor over productive assets. In this case, tenancy reform and distribution of khas lands, allegedly grabbed by the rich, can be tried. Restructuring of the monetary policy to deliver credit and provide savings instrument to the poor; strengthening of the capacity of the poor to compete in the market place, enhancing public investment in human development, redesigning budgetary policy to reach public resource to the poor.

Rehman Sobhan reckons that unless the structural causes are taken into due consideration - that seem to be hardly happening - 'neither targeting of development resources to the resource poor, nor the extension of social protection are likely to resolve the problem of inequality in South Asia… the poor are embedded in certain inherited structural arrangements…. Which reinforce each other to effectively exclude the poor from participating in the benefits of development or the opportunity provided by more open markets". He called upon all to wake up before society is pulverised by a revolution trigerred by acute inequality.

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