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**University of Bath**

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# **1. Sharing the well: towards sustained eradication of extreme poverty in Bangladesh**

**Geof Wood and Joe Devine**

## **ABSTRACT**

This chapter uses two metaphors to explore the moral and practical dimensions of extreme poverty eradication. The first metaphor, ‘Leaving no-one behind’, currently dominates policy discussions and broadly sees the eradication of extreme poverty as the consequence of economic growth and prosperity. In contrast the chapter outlines an alternative approach, captured in the ‘sharing the well’ metaphor, which focuses much more on redistribution and rights. The chapter argues that although both approaches are laudable, their differences are important. Crucially, the ‘Sharing the well’ approach, although politically challenging, has roots in values shared by the people of Bangladesh. This arguments helps contextualize the different chapters of the book.

**KEY WORDS: extreme poverty, redistribution, political settlement, sharing the well, leaving no-one behind**

## **Introduction**

This volume examines evidence of the links between extreme poverty, growth and inequality in contemporary Bangladesh. It brings together contributions from academics, practitioners and policy leaders who over the course of the past two to three years, have been working closely to inform policy debates in Bangladesh about extreme poverty. One of the highlights of this collaboration was a conference held in April 2015 and organised under the auspices of the General Economic Division (GED) of the Planning Commission of Bangladesh, the Bangladesh Bank and the Bangladesh Institute of Development Studies (BIDS)<sup>1</sup>. One of the aims of the conference was to explore the policy challenges of eradicating extreme poverty in Bangladesh in the context of the Government deciding on the strategic priorities for its 7th Five Year Plan. The original concept note for the conference promoted the metaphor of ‘sharing the well’, while other voices were keen to connect to the global language of ‘leaving no-one behind’. While both terms are appropriate, they hide subtle differences of meaning about settlements and processes, and crucially about core values in a society. This contestation of language is the starting point of our initial reflections on the relationship between extreme poverty, growth and inequality.

While the focus for this volume is upon one country, Bangladesh, the issues posed by this contestation apply more globally to many countries faced with large scale poverty, including extreme poverty. Indeed, we might well argue that they apply with equal force to poverty eradication in rich countries like the UK, which retain significant levels of poverty, with particular implications for the life-chances of their child populations. So, although Bangladesh represents a case of recent transition from a low technology, agrarian based

society to a differentiated increasingly urban oriented one, the core issues raised by the contestation of language are more generalised. To put the point bluntly, does poverty eradication require a rights based, value commitment to the sharing of existing levels of wealth plus whatever is accumulated in the future; or will it only happen in the future as a function of trickle down inclusion from economic growth? ‘Leaving no-one behind’ reflects the logic of the latter question, and refers to a society where most people will move forward and there is some need to purposefully include those who may be struggling. For neo-liberals this is best achieved by growth and the expansion of employment, any kind of employment. However, extreme poverty poses a particular challenge to that formula when the assumption of a capacity to work (to sustain individual or family livelihoods) cannot be applied due to old age; morbidity; mental health; disabilities; effects of chronic malnutrition, often arising from early stunting; gender discrimination; ethnic minority exclusion and so forth. Societies faced with any aspects of this challenge (i.e. all societies) then have to think of trying to pass the more challenging test of sharing present resources more inclusively, thus addressing core issues of morality, fairness and inequality. Evidence of increased inequalities within rich societies suggests they are not so good at passing this test. What hope, then, for a society like Bangladesh which faces large scale moderate poverty alongside significant absolute numbers in extreme poverty? This volume is, in effect, demonstrating Bangladesh as a tough test case where, despite all kinds of political instabilities and profound contestation (Devine et al, forthcoming), there have been remarkable successes over the last 3 decades, and especially over the last 15 years in poverty reduction. Moreover, the country now has a very explicit public discourse about the removal of extreme poverty by 2021, with the Government of Bangladesh’s Planning Commission taking the lead. So not just NGO and civil society pressure. And not just donor pressure. Thus the contributors to this volume are inviting the reader to witness and reflect on an explicit wrestling with moral, strategic and pragmatic dimensions of extreme poverty eradication in a society more superficially noted for its poverty, violence and floods.

Although the volume has an explicit focus upon the challenges of extreme poverty eradication, its spotlight falls not just upon the fortunes of the extreme poor, but upon society as a whole, specifically its core morality. This is what lies at the heart of the ‘sharing the well’ metaphor’. Today, Bangladesh retains large scale poverty challenges alongside its many positive development achievements and signs of progress. But it is also a country which from its inception 4 decades ago has faced significant problems of identity and cohesion – challenges which have been sadly exposed with recent high profile campaigns of targeted killings allegedly credited to Al-Qaeda and the Islamic State of Iraq and Greater Syria (ISIS)<sup>ii</sup>. There is an ongoing contestation for the soul of Bangladesh and what it means to be Bengali in a country which combines strong traditions of folk cultures and Islamic beliefs, with significant minorities of Hindu and Adivasi populations. This is the context within which the society searches for a settlement or agreed position about the distribution of life chances and wellbeing across its people.

The subtle differences between the ‘leaving no-one behind’ and ‘sharing the well’ metaphors highlight the significance of inequality, rights and community or *ummah*. ‘Leaving no-one behind’ is clearly laudable; but implies an acceptance of inequality, a policy agreement around absolute rather than relative poverty, an acknowledgement that there will always be ‘stragglers’. Such a notion is akin to the adage that ‘the poor will always be with us’, inviting

at best the idea of policy as charity: welfare for (deserving) victims rather than the removal of victimhood, i.e. the condition of being a victim. Unfortunately this is a widespread understanding of social policy, combined with a powerholder's instinct for narrowing the criteria of entitlement to reduce the redistributive burden upon the more self-sufficient, 'hardworking' others. There is much labelling at work in such an approach (Wood, 2007). It is also a reflection of the limited access state (North et al, 2009).

'Leaving no-one behind' implies a growing, moving forward economy in which some people could get left behind unless held in by Pareto optimising assumptions. This frames the analysis in terms of the 'poverty elasticity response' to economic growth. 'Sharing the well' instead allows for the possibility that growth is not inevitable, and questions assumptions made about adequate trickle down. It thus asks the harder political economy question of redistribution and sharing under conditions of inequality reproduced by elite powerholders. In the context of a fragile political economy, potentially made worse by climate change, are the social and cultural forces in Bangladesh able to compensate through acting out the values of solidarity and gendered fairness? Can the well, and the wellbeing which goes with it, be shared? At least, shared to the extent that no-one is left behind?

Part of the understanding of this question is that Bangladesh is changing in its structure and values. While there has never been a golden age when the 'well' was 'well shared', Bangladesh's pre-capitalist, agrarian quasi-feudal society did contain some safety nets at the local level across the *zamindari* estates. If labour is the relatively scarce factor of production under low technological conditions, then those classes which need agricultural labour have to ensure the basic terms of its reproduction. So alongside exploitation there had to be a sufficient condition of multi-period redistribution to cope with both perennial seasonal fluctuations in food availability and between years of droughts and floods. So, not a golden age but some social and cultural capacity within an unequal political economy to share, even if unevenly and only under extreme conditions. The Mughal and colonial states added some elements of state led relief through public works to this welfare mix, while continuing to preside over pre-capitalist arrangements. Perhaps the early signs of change occurred through a partial monetisation of the rural economy through jute as a cash crop for peasant production (there had been plantation led indigo production), adding little security to livelihoods while partially exposing those livelihoods to the volatility of commodity markets and monopoly farm gate pricing. Indeed East Pakistan, and East Bengal before, provided this commodity at the expense of its own food security, classically underdeveloping as a result.

The liberation struggle also intensified a sense of unity among Bengalis against a common enemy, increasingly perceived as responsible for the immanent nation's underdevelopment. Despite ideological efforts to the contrary, that spirit eroded in the years after liberation. The removal of the external threat, at great cost to public infrastructure and public goods, led to an internal scramble for rents under conditions of post-liberation scarcity, posing a serious socio-cultural threat to a collective sharing of the well. The inheritance of widespread poverty morphed into a problematic of the internal political economy, with close on 90 percent of the population at liberation being rural; and approximately 50 percent of them effectively landless, and reliant upon an uncertain monsoon rice crop. The nation was significantly dependent upon food imports, with only jute to pay for them. If the cake was fixed in size, then survival became an internal zero-sum game, comprising a powerful threat to any concept of Bengali solidarity as the basis for sharing.

Change has certainly occurred since those early, post-liberation days. But the story is complex and mixed. The major contribution to food security has been the widespread introduction of the green revolution *irri-boro* rice crop in the hitherto dry season, supported, ironically, by irrigation from both surface and ground water sources. Jute, a declining international commodity, has largely given way to this innovation. The overall decline in poverty in the country can be attributed partly to a rise in real agricultural wages, while the differentiated story is also a function of a more idiosyncratic and cyclical divergence of dependency ratios. Wage rates are rising, and in some areas in some seasons, labour can now even be scarce. This shift is partly a function of widening diversification in the economy accompanying the rise of urbanisation, the commercialisation of agriculture as a result, and an increase in internal trade, facilitated by enhanced road networks.

Agriculture, now less cereally homogenous, has thus changed as a socio-economic phenomenon towards more contract farming and absentee land owners, entailing more rurbanisation as well as the growth of large urban centres, not just confined to Dhaka. The structure of employment and thus the labour force has changed, and as a corollary so have the explanations of persistent, extreme poverty. Many credit-labour exchanges have given way to cash wages and fixed rents in cash which are market sensitive rather than a function of social reproduction imperatives. Security may have been Faustian, but at least it was more predictable and morally instanced, a function of intimate asymmetric transactions between people and families who were not, nevertheless, strangers. Those in the West, witnessing the rise of zero-hour contracts, will acutely recognise this point. Relying for sustained poverty reduction on rising real wages without any safety nets replaces socially sanctioned forms of insurance with nothing.

While there are many ways to characterise change in the country, in the context of a discussion about sharing the well, the key point to emphasise is that the society has become more differentiated as an outcome of the diversification of the economy. The solidaristic liberation idea of Bangladesh comprising an homogenous society of small, subsistence peasants (never strictly true, see Wood, 1982) has to give way to much greater complexity as the society interacts with globalisation, pulling livelihood options apart and segmenting life-chances. Both economic and social transactions become more contractual and instrumental, and risk becoming devoid of any moral dimension.

In 2021 Bangladesh will have been liberated for 50 years. It will probably then be classified as a middle income country. Although there have been many transformations since 1971 and although the country has in many ways been a beacon of development success, there is still significant extreme poverty, much of it chronic. Approximately 17.6 percent or 25 million are extreme poor by the lower poverty threshold (BBS, 2011), and a large number of the population is moderately poor by the upper poverty threshold. On top of this, we already know that there is churning of fortunes between extreme and moderate poverty, and that the thresholds themselves do not fully capture the real number of people living in poverty or vulnerability. Despite very realistic ambitions to be a middle income country therefore, Bangladesh still faces core problems of poverty in a context of climate vulnerability, inequality and regional disparities.

Bangladesh has entered a further plan period with the launch of its 7th Five Year Plan. The Plan lists the eradication of extreme poverty much more explicitly among its priorities. There

have been a number of important Government supported initiatives that, accumulatively, offer optimism in relation to this priority. These include: significant success in addressing the challenges of eradicating extreme and moderate poverty; commitment to reform its social protection policies; investment via infrastructure in labour mobility and market expansion, especially in the agricultural sector, which result in increases in agricultural wage rates; an environment for foreign direct investment and local collaboration, especially in the garments sector; an increase in budgetary commitments to the education and health sectors; collaborative arrangements with donors and NGOs to extend targeted asset transfer programmes beyond its own direct interventions. For good reasons therefore the commitment to ‘leave no-one behind’ has been ratcheted up by both political and policy leaders in Bangladesh. But will this vision require a fairer sharing of the well, i.e. of present and predicted wealth? And how might that revised settlement in the political economy come about, and how might that settlement be monitored and maintained?

This volume in effect convenes a dialogue between applied academics contributing research analysis and policy leaders providing technical and political insights to influence the formation and formulation of that settlement. The driving focus of the dialogue takes the form of a core question: as Bangladesh moves towards middle income status, implying stronger domestic revenues, how should its social policy evolve to eradicate extreme poverty? This implies a paradigm shift away from a reliance upon mostly donor-supported, discrete development projects towards more domestically-supported, mainstreamed policy across a range of sectoral levers. Such a paradigm shift entails serious thinking about the institutional challenges of leading, coordinating and monitoring progress towards eradication of extreme poverty when duty bearers are spread across so many government and non-government organisations, as well as other parts of civil society and donors.

### **Volume contributions**

Turning to the volume itself, our first empirical chapter is written by Binayek Sen and Zulfiqar Ali and builds on a background paper on extreme poverty commissioned by Planning Commission as part of its preparatory work for the 7<sup>th</sup> Five Year Plan. The chapter offers a comprehensive overview of poverty reduction trends in Bangladesh, as well as an analysis of extreme poverty characteristics and dynamics. It then addresses the twin themes of responsiveness to growth and enduring inequality. In so doing, they embrace respectively the two perspectives of ‘leaving no-one behind’ and ‘sharing the well’. In relation to growth, the authors develop an analysis of poverty elasticity, and offer statistically informed projections of response to different growth scenarios. This allows them to calculate the projected costs of eradicating extreme poverty in the future. In terms of inequality as an enduring cause of extreme poverty, they note that Bangladesh, like other countries in South Asia and indeed globally, remains a deeply differentiated society in terms of class relations and other stratification indicators. Although the population is mainly ethnically homogenous, there are significant ethnic and religious minorities which experience deep discrimination. Inequalities also manifest themselves spatially, in urban and rural locations but also in significant regional variations. The significance of these inequalities is that they frame opportunities and capabilities and contribute to the sustained reproduction of poverty.

In arguing for a new political settlement more aligned to ‘sharing the well’, Wood and Devine’s chapter points out that extreme poverty can be socially as well economically contrasted to moderate poverty in terms of marginalisation, social isolation and intensity, as well as prevalence of ethnic minorities, feminisation, elderly and disabled. The poverty of the

extreme poor is more idiosyncratic than the systemic poverty of the moderate poor. Thus the political economy analysis of extreme poverty needs to be modified and more onus placed on duty bearers because the extreme poor have less capacity for voice and counter-part social action. The modification implies a deliberate dialogue with the middle classes to re-set the *de facto* welfare regime for the country. The chapter deploys a well-being regime model to indicate the challenge of agency between the poor themselves and other duty bearers in society, and to indicate the structural limitations to agency and wellbeing outcomes for the majority of the population offered by an institutional landscape, comprising the four domains of state, market, community and household. The chapter concludes by reflecting on drivers and key dimensions of a future political re-settlement.

It is abundantly clear across all the data arising from poverty research and programme interventions that poverty is significantly feminised. This is all the more evident in cases of extreme poverty. Drawing upon that research plus life history narratives generated through the EEP-Shiree programme, Maitrot enumerates the significance of female-headed and female-managed households within the extreme poverty category. Focusing on the significance of marriage for both a woman's wellbeing as well as for household security and stability, Maitrot asks the direct question of what happens when 'male guardianship' is removed, forcibly or otherwise, from a household and how women left responsible for the same households, cope and survive. The chapter highlights a plurality of women's experiences at different life stages influenced by *inter alia* class, marital status, and social marginalisation. However what remains common is the existence and influence of gendered inequalities. The chapter offers insights into different coping strategies and also highlights attempts by female headed or female managed households to try and rebuild forms of male guardianship through family or community members.

The chapter offered by Mustafa Mujeri offers an in-depth analysis of the need and challenges of extending financial inclusion to the extreme poor. There are numerous price and non-price barriers, grounded in complex local political economy conditions, that prevent the extreme poor from accessing formal and quasi-formal financial services. As such the extreme poor turn to informal services, which although crucial for liquidity management and consumption smoothing, come often with unfavourable terms and conditions. Mujeri's analysis offers some optimism. The current policy landscape for financial services includes a number of inclusive and progressive initiatives, Bangladesh has a strong trackrecord of opening the access of the poor especially to microcredit, and the country has witnessed a proliferation of mobile technologies that can facilitate access to financial services. Mujeri examines options that might lead to greater access and adoption of financial services including investments in electronic infrastructure for financial services, linking microfinance institutions to formal financial service providers, building partnerships with the private sector and incentivising the inclusion of the 'hard to reach'. All of this, Mujeri argues, will help Bangladesh move more towards establishing itself as a cashless society.

All of the chapters in this volume build their analyses on the successful track-record of Bangladesh in reducing national levels of poverty and extreme poverty. Globally, these are very impressive achievements. Shamsul Alam and Kazi Iqbal's chapter breaks new empirical ground and for the first time explores poverty reduction performance at sub-district levels. The disaggregated analysis underlines a far more complex overview of extreme poverty in Bangladesh and identifies geographical concentrations of extreme poverty that interface with

key covariates including seasonality, local political economy conditions of marginalisation, climate vulnerability and migration. Importantly some of these concentrations have witnessed an increase in extreme poverty levels. What then best explains the variation (and relatively poor poverty reduction record) in poverty rates at the subdistrict level? The quantitative analysis offered by the authors shows a clear association between variations in real wages and variations in poverty levels. The chapter makes a forceful argument that future poverty reduction will require policy leaders to look beyond national aggregate data and focus more on local specific conditions.

Above we refer to the some of the major socio-economic changes that have taken place in Bangladesh. Primary among these is the transformation of the agricultural sector evidenced in increased contract farming, absentee land owners, more rurbanisation and the expansion of large urban centres. All of this has radically changed the structure of employment in rural areas and thus the labour force. K.A.S. Murshid addresses this directly in his chapter which examines non-farm employment opportunities for the extreme poor. Using the case of potato value chains, he shows how non-farm opportunities stimulate labour demand, particularly among casual and temporary workers. Many of these workers are extreme poor. This more positive note however needs to be treated with some caution because Murshid also warns that those taking on these new employment opportunities will find themselves in insecure and temporary contracts, will receive lower wages that increase only marginally over time, and will find it difficult to move up into higher value forms of employment. While employment creation may be pivotal for future extreme poverty eradication, this chapter asks a more profound question about the quality of any new employment opportunity.

Murshid's focus on rural contexts is followed by an analysis of the relation between urbanisation and extreme poverty. Bangladesh is urbanising at a relentless pace, reflecting changes in the economy, and signalling a more mobile and connected population at both national and international levels. These changes offer both challenges and opportunities for extreme poverty eradication. In his chapter Nazrul Islam examines Bangladesh's part and current urban profile, noting the speed and intensity of urbanisation throughout the country – a process that seems to continue unabated. He then maps out the links between urban growth and the prevalence of extreme poverty. The result is a complex picture highlighting the distinctive features of 'urban' extreme poverty and the specific challenges they pose. These challenges include the enforcement of core citizen rights, identified in the Constitution, around movement, housing and shelter, employment, and associational life. They also include access to basic services such as safe transport, good quality water and sanitation, effective education, and responsive health services. The future of extreme poverty eradication in Bangladesh will undoubtedly be a significantly urban challenge. Addressing these challenges need to move centre stage in policy deliberations and actions.

There is no doubt that Bangladesh's social security system can play an important role in reducing extreme poverty further and crucially ensuring any progress is sustainable over time. However it is widely recognised that to be effective, the country's social security system needs to be reviewed. It needs to be robust and agile enough to deal simultaneously with long term support needs for the chronic extreme poor and with time-bound support needs for those in crises arising from shocks, hazards, and impacts resulting from seasonality. It needs also to increase the effectiveness of social security interventions. These challenges are rehearsed in the chapter written by Sadiq Ahmed in which he also provides insights into the logic underpinning the Government's decision to reform the social security system around the life cycle approach. He then examines some of the policy options stemming from the life



cycle approach, especially in relation to children, those of working age, the elderly and the disabled. The challenge of increasing investments in and reforming the social security system in Bangladesh is urgent, and it is likely to be urgent for many years to come as the demographic profile of the country's population changes, and increased demands are placed on the state to address the needs of its citizens.

Our final chapter acts as a conclusion but extends beyond this. It revisits the 'sharing the well' and 'leaving no one behind' discussion, and reinforces arguments for a political resettlement with more distributive welfare commitments. Building on a critique of neo-liberal analysis of extreme poverty and the policies they support, Ali and Wood warn against simply 'parachuting in' social policy solutions, especially when these solutions are found to be wanting. Instead they offer an optimistic scenario for future welfare strategy built around core values of solidarity which have been deployed even before the country became independent. These values acknowledge all citizens' rightful share to the current and future prosperity and collective good that belong to Bangladesh. In terms of eradicating extreme poverty, this rightful share can be translated into a form of basic income for all citizens. The authors test and cost this welfare strategy against two other current strategies, i.e more rigorous targeting to determine resource distribution and the life-cycle approach underpinning the country's social protection strategy. The three strategies are found to be affordable but in fact reflect different articulations of the political resettlement challenge.

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<sup>ii</sup> The conference was supported by the UK's Department for International Development in Bangladesh and the Economic Empowerment of the Poorest programme (see [www.shiree.org](http://www.shiree.org)).

<sup>ii</sup> The most recent attacks resulted in the death of 20 mostly foreign hostages on 1 July 2016, and the death of three people on 7 July when gunmen carrying bombs launched an attack at the country's largest gathering of Muslims celebrating the Muslim Eid holiday.

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**Geof Wood** is Emeritus Professor at the University of Bath. A sociologist by training, he has over forty years research experience in South Asia, particularly Bangladesh, working on issues ranging from agrarian change, extreme poverty, social mobilisation, urban livelihoods, governance and political settlements. He is also interested in and written on the application of social policy concepts to thinking about welfare and development in poorer countries.

**Dr. Joe Devine** is Head of the Department of Social & Policy Sciences at the University of Bath, and a Senior Lecturer in International Development. His main research interests lie in poverty, vulnerability, inequality and governance; and in how these impact the wellbeing of citizens and are addressed through policy interventions. He has collaborated over many years with Government, NGOs and other civil society groups in Bangladesh.