

Inequality rises despite economic progress: experts

Star Business Report

South Asian countries experienced robust growth between 2000 and 2015 but inequality increased at the same rate, which raises the question whether the growth will last, said experts.

“It is puzzling why countries are performing well in social development indicators, but not in improving equality,” said Wahiduddin Mahmud, a noted economist.

Inequality is widening in terms of per capita income, he said at a session on managing growth for social inclusion at the second South Asian Network on Economic Modelling (Sanem) annual economists' conference in Dhaka yesterday.

Rehman Sobhan, chairman of the Centre for Policy Dialogue, said, “Tackling inequality has significant instrumental value in promoting both growth and equality.” He identified political influence as one of the major causes of increasing inequality. The elite are now nominated for election; participation in the elections is now a kind of business investment, he added.

They come to power and grab land owned by the government, he said. The middle class lose their land to political influence, pushing inequality up, he added.

He said if the lands are recovered and distributed among the poor, it will help reduce inequality. Sobhan blamed poor governance and unequal access to the market for increasing inequality.

He suggested the government should focus on education to minimise inequality as the marginal people have limited access to education.

Posh Raj Pandey, chairman of South Asia Watch on Trade, Economics and Environment of Nepal, said all South Asian countries, except Nepal and Pakistan, are doing better in inclusive growth but inequality is not shrinking.

Inequality should naturally fall with the maturity of the economy but it did not happen, which is a matter of concern, he said. “We should adopt such a policy that will reduce poverty with sustainable growth.”