

What 2022 should have taught us

Reality, not illusions, should dictate our policies and actions

The year 2022 was supposed to be a year of economic recovery and celebration for us, as the much-anticipated Padma bridge and Dhaka metro rail were finally opened, and the government boasted Bangladesh had achieved 100 percent electrification. But it turned out to be significantly different from what we expected. Only a few months after the government announced it had brought 100 percent of the population under electricity coverage, rolling blackouts swept through the country for months on end, until winter provided the population with some respite. The cost of living skyrocketed to a point that we have not seen in decades – leading to ordinary people struggling to buy even the most essential goods, a rapid decline in people's savings, and households having to divert funds from spending on education and healthcare to make ends meet.

Far from being a year in which our economy recovered, 2022 proved to be a year where we discovered numerous cracks in it. The sharp decline in remittance earning, which provided immense support to our economy, is yet to see any significant upturn. Foreign exchange reserves, a misplaced source of confidence in recent years, declined at breakneck speed. And the government's reluctance to openly discuss our actual reserves proved not only counterproductive, but shattered the illusion of us holding as much as it claimed.

As painful as this reality check was, the fact is that we were ultimately destined to feel it. The same theory applies to how the government overvalued the taka against the dollar, which also dropped sharply. The spillover effect of this further exasperated inflation. Add to that the energy crisis, which was a direct by-product of the government's poor policy choices in defiance of energy experts, and it became blatantly obvious that the government was in the wrong, and that our energy sector, too, is mired in all forms of corruption and mismanagement – as the government continues to allow private contractors to capture the sector, paying them huge amounts of capacity charges for idle power plants.

For years, the government has tried to maintain similar illusions in regards to the financial sector, leading to non-performing loans (NPLs) ballooning to a record high, and huge amounts of money getting laundered out of the country while we struggle to maintain foreign currency reserves. It has also denied that its failure to increase its own revenue is narrowing down the fiscal space to a dangerous level. But the longer it denies that these problems exist, the longer we will have to wait till their antidotes are applied, which will simply make them bigger and costlier to address in the end. And that is the most important lesson the government should take away from 2022.

There is no disputing the fact that in 2022, Bangladesh – and the world in general – suffered due to unexpected external factors. But any good state planner should expect the unexpected and build the foundations of their economy and state with that in mind. That is where our state planners have failed. Going forward, we once again urge the authorities to pay attention to the opinions and criticisms of experts and the public, and address the huge amounts of corruption and wastage that is eating away at our development and economic progress.

Why did more workers die in 2022? Occupational safety is a grossly neglected issue

Just as we start the New Year, a sobering report by Bangladesh Occupational Safety Health and Environment Foundation (OSHE) warns of an increase in workplace casualties in 2022 compared to the year before. The research found a total of 1,195 deaths in the workplace. The transport sector seems to be the most hazardous, with 425 deaths accounting for 40 percent of total occupational casualties. The next most dangerous workplace is the service sector, which includes utility services, workshops, restaurants and hotels. The agricultural sector and construction sector also had a high number of deaths.

This is just not acceptable, more so in a country that is on an upward development trajectory. The number of deaths and serious injuries in these sectors give us an idea of how the society and state view blue-collar workers. Even without the statistics, we have seen the risks workers are forced to take because employers are simply not bothered about ensuring basic safety for their employees. In the transport sector, the shocking number of fatal accidents occur mainly due to recklessness and the lack of enforcement of transport related laws. Bus and truck drivers, for instance, are required to make a certain number of trips and they try to fulfil the target at the cost of safety. Sleep-deprivation, drunk-driving, driving after consuming drugs, reckless speeding and overtaking, lack of experience, poor driving skills, unfit vehicles – all these factors contribute to deaths of not just passengers and pedestrians, but transport workers too. But why is the law not being enforced despite the horrifying statistics?

This seems to be the ultimate question that could lead us to a possible solution. We have laws that stipulate basic safety for workers, such as proper safety gear, helmets, face shields, goggles and gloves, as well as safety belts for construction workers, factory workers and utility service workers. But how many construction sites or workshops have even tried to implement these rules and regulations? Obviously, they think they will not face any consequences when a worker dies or is maimed for life. Sometimes, a token lump sum is given to the injured worker or the family of the deceased employee, though this is not always the case, and in many instances the amount is far from being adequate to help the family to survive or pay medical bills.

Unfortunately, we are a society that is grossly unequal especially in terms of how we value members of our community. This is why we need specific laws to be enforced that punishes employees with penalties and jail terms if they fail to ensure the safety of their workforce. Compensation clauses should be stringent and the amount payable should be high enough for employers to take safety measures seriously. The government's New Year resolution should be to take the research of OSHE and other such organisations, and compel employers to take major steps to ensure occupational safety. We must save the lives of those who are so crucial to our survival and growth.

2023 will be the year of inflation and financial turpitude



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Despite dreamy projections from financial authorities and sweet words from ministers, the year 2023 will remain a turbulent time for the financial industry of Bangladesh. Inflation will torment the lower and lower-middle income population, who will lose a big segment of their savings and also have less purchasing power.

While infrastructural development projects such as the Padma Bridge, Dhaka's metro, new railways, power plants and the like will add efficiency and productivity to the economy, a significant amount of this gain will be eroded by inflation and growing financial turpitude in both the banking sector and stock markets – demanding stricter vigilance in these fields.

In most countries, combating inflation rests on the shoulders of their central banks. In Bangladesh, the water is muddied by government activities that impinge on the central bank's policy space. The finance ministry dictates interest rates on both deposit and lending, making the main central bank weapon of controlling inflation largely blunt.

Fighting inflation will hence require a journey that is tardier and lengthier than usual, and it is likely that inflation will dominate the entirety of the new year. A weak taka will only add fuel to the fire through import channels. Fear or expectations and downward rigidity of prices will impede the easing of inflation, although international fuel and commodity prices will fall.

Coming up with the annual national budget will be a great challenge because of the dwindling ratio of revenue to GDP. The budget authority usually draws a big amount of funds by selling saving certificates at higher non-market rates – the most expensive way of financing in the name of supporting women and the poor, even though it ends up



ILLUSTRATION: BIPLOB CHAKROBORTY

Inflation will torment the lower and lower-middle income population in 2023.

helping the rich the most. However, 2023 will not see an upward trend in *sanchayapatra* sales because of consumers' loss of purchasing power. The net sale of these certificates is already in the negative zone. Since the honeymoon with *sanchayapatra* seems to be over, the finance ministry will aggressively encroach on the banking space to borrow funds – a behaviour termed as the crowding-out effect by economists, leaving smaller room for private borrowers and credit growth.

In 2023, the banking industry will face the challenge of mobilising deposits – which we have already witnessed in the latter part of 2022. Providing the ministry with funds will be difficult for the central bank, as a result. The budget to be made in 2023 will also be the current administration's last chance before elections, so the government will try its best to finish its development commitments and offer more benefits under social safety-net programmes. Increasing revenue by raising taxes,

be hard for the banking industry to accommodate. Since the government controls the lending rate at nine percent, which is close to inflation, drawing funds from banks by the super-rich turns out to be borrowing at almost zero cost.

This will only press the pedals for credit growth. And when credit growth is high and deposit growth falls far behind it, banks suffer from a terrible shortage of loanable funds and seek government support. Such a liquidity crisis in the banking sector will tighten their profit opportunities, discouraging them to expand the workforce and adding salt to the open wound of high unemployment.

The entire scenario seems just like the economist Ragnar Nurkse's vicious circle of poverty, which originates from poverty and ends there as well, by making it worse. Here, the vicious circle of fiscal incapacity will encroach on the banking space without displeasing the super-rich, and eventually will worsen the tax-GDP ratio. Already, the ministry

lags far behind its target of revenue collection. Fiscal incapacity is at the root of all major financial ills in the Bangladeshi economy, and this will remain so in 2023 as well. It is incapacity, or indulgence, or both.

On top of that, import growth will be restricted by austerity measures, which will impact GDP growth partially. Export growth may remain buoyant given stable demand in the west, but remittances are unlikely to grow satisfactorily given the non-market exchange rate and the lethargic formalities of remittance through formal channels. Hundi will still hijack a big segment of remittance, no matter what punishing measures are in place. The current account deficit will, as a result, remain high in 2023, if not higher than what the country had in 2022, and continue to exert pressure on foreign currency reserves.

Unfortunately, the new year is likely to see more defaulters come out the woodwork and damage depositors' confidence even more. The government is unlikely to change the directorship law, whose implementation in early 2018 has deteriorated the loan default situation, as well as corporate culture. There does not seem to be any silver lining on the horizon for the banking landscape. Demands for changes will emerge from economists and professionals, but the government will not take on any massive reform in the election year. However, they will be more proactive in making progress with its megaprojects because of their positive impact on public sentiment.

In fact, it would not come as a surprise if the finance minister decides to redefine default loans, giving even more leeway to the habitual bank looters and compelling the central bank to abide by his sugarcoated policies. Nor would it be unusual if money launderers are offered further incentives in the budget for FY2024, giving greater momentum to both bank defaulters and money launderers, who are two sides of the same coin.

What this means is that, while the government is preoccupied with election campaigns and political agitations, financial turpitude will continue to rise. And, unfortunately for us all, fighting inflation will take a backseat in the priority list of policymakers.

Pelé: Unseeing is believing



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I came close to seeing one of the greatest sportspersons of the 20th century in September 1977 when both Pelé and I were in Kolkata; he representing New York Cosmos in a one-off game against the local Mohun Bagan, and I in desperation for a ticket. Neither of us won, because the exhibition match was drawn 2-2, and I could not get into the Eden Gardens.

Such was the obvious hype surrounding the match, a first ever, and so widespread was the glorification of Pelé, that only winners of a lottery among millions of paying subscribers could purchase a ticket. Don't rub it in, I did not win.

A Bangla daily had aptly summed up the presence of the artist in the "city of joy" with the headline, "*Pelé ghumalo, para juralo*" (Pelé slept, locality quietened) when he retired for the night, and the teeming crowd that had followed him all day finally left.

The world became an admirer of Edson Arantes do Nascimento, known mononymously as Pelé, by reading about his athletic exploits, watching his magic on television, that too occasionally or often in black and white, and almost never having seen him in person.

Versatile in both feet, not common among the best in the world, Pelé would weave past his opponents with the gracefulness of a skater on ice, leave a defender stranded by tapping the ball through their legs, chest down a high lob and finish with a decisive volley, feign a shot to fool a rival, pierce a wall with a swerving free kick, and score at will with his trademark bicycle kick. He went on to score 757 goals in



PHOTO: REUTERS

Brazilian soccer legend Pelé (1940-2022) holds the World Cup trophy during the World Cup 2006 opening ceremony in Munich, Germany, on June 9, 2006.

812 official games. The Guinness Book of World Records, however, recognises his 1,363-game career in which he scored 1,279 goals; that is almost a goal per game.

Pelé also excelled in playmaking as a defensive midfielder, making deft passes to split the opponents' defence. Added to that dexterity was the verity that the Brazil number 10 never ever received a red card (he got one yellow though) in his long career, stretching from July 1956 with Santos to September 1977 with NYC. That is more than two decades of on-field good behaviour.

He won his first World Cup in 1958

Although Pelé won two more World Cups, he missed most of the 1962 edition because of injury. But by scoring in the final and winning the 1970 version at Mexico, he remains the only footballer to win three world championships with 12 World Cup goals, and he won them with able support from several other Brazilian greats.

Pelé's greatness was enshrined by the International Olympic Committee in 1999. Although never an Olympian, he was decorated Athlete of the Century for exuding the spirit of the Olympic Games. Time listed him as one of the 100 most important people

of the 20th century. In 2000, the International Federation of Football History and Statistics honoured Pelé with the World Player of the Century title. FIFA did its part by upholding two greats, when along with Diego Maradona, Pelé was recognised as one of the two greatest footballers of the 20th century. Honestly, both Diego and the "black pearl" belong to the football world.

But even Pelé is still human, proved by the fact that at club level, his 643 competitive goals for Santos (Brazil) was overhauled by another great of the game, Lionel Messi, when he scored his 644th goal for Barcelona in 2020. Cristiano Ronaldo also etched his name in the record book by surpassing Pelé's haul of 765 goals in internationals in February the following year.

Pelé also has a first-hand role in popularising soccer in a continent where football was more associated with rugby. In 1975, towards the end of his professional career, he was cajoled, with much difficulty, into signing for NY Cosmos. Within three years, Pelé transformed attendance at football matches from a few thousand to 80,000. The tide had turned, and today, many US players star for top European football teams – a legacy of Pelé.

The greats have unique ways of bowing out of centre stage. His last game was a tearful friendly at the Giants Stadium, New Jersey, between his two teams – long-term Santos vs short-term Cosmos on October 1, 1977. A full house of 75,000 saw the King, as he was known in Brazil, play for both teams. In the first half, Pelé scored for Cosmos, but in the second, he played in the Santos jersey; a boy returning home. As the final whistle blew, Pelé broke down into tears along with some in the gallery, and many of those watching on TV.

Brazil has declared three days of mourning for their Pelé. But the world will grieve longer for one of its most gifted sons, who won the universe with his mesmerising feet.