

## Are we overlooking the new poor?

Latest BIDS survey on poverty deserves appropriate policy attention

It is worrying to see the plight of the new poor in Dhaka and elsewhere amid the continued fallout of the Covid-19 pandemic and Russia-Ukraine war. In Dhaka, according to a new survey by the Bangladesh Institute of Development Studies (BIDS), 22.24 percent of the city's population were poor in 2022, and about 51 percent of those were "new poor". This was based on an assessment of the financial situation of 2,046 households. What's interesting is that the new poor now form the majority of those placed in the poverty bracket in Dhaka even though, over all, the number of poor people fell by 4.3 percentage points from 26.54 percent.

This means the new poor, a social category created by the pandemic, are not getting the policy attention they deserve. These people once belonged to the lower middle class but turned poor in the wake of the pandemic and have not recovered from it since. This is despite the increase in the average income of the poor post-pandemic. Clearly, any rise in their income level hasn't been proportionate with the insanely highly cost of living, with the poor now having to use most of their income and savings to pay for food and other essentials. As the state minister for industries has rightly said, ordinary people cannot help but "cry" when visiting markets because they don't have sufficient money to pay for basic necessities.

Against this backdrop, there is no justification for gloating over the relative decline in poverty when it has neither brought relief to poor households nor reduced the yawning rich-poor income gap. The question is, how long before our policymakers address the changing reality of poverty, particularly the plight of the new poor who are deprived of government schemes for the poor? As well as ensuring support to increase their income and bringing down prices of food by reining in unscrupulous syndicates, the government needs to regularly update its lists of beneficiaries for social safety net programmes so that all deserving ones are included. It also needs to stop the culture of increasing tax-tariff burden on the poor, and shift it more onto the rich.

There is no denying that Bangladesh is going through a crippling cost-of-living crisis, and the poor and new poor are suffering the most because of it. We need proper governance and pro-poor reforms to ride out this crisis.

## A Wasa shake-up need of the hour

Govt must investigate its chairman's allegations against MD Taqsem

In an unusual move, the chairman of Dhaka Water Supply and Sewerage Authority (Wasa) has reportedly written to the secretary of the local government ministry accusing Managing Director Taqsem A Khan of corruption and "autocratic" behaviour. Such accusations, straight from the horse's mouth, indeed deserve scrutiny. It is no secret that during his 14-year-long tenure, MD Taqsem has presided over a shambolic state of affairs that made headlines regularly but generated little response from the higher authorities.

There has been no dearth of problems and irregularities at this vital institution. You got reports on houses not receiving a water supply connection for years, or only getting unclear, foul-smelling water, or people facing harassment while seeking water supply connections or dealing with Wasa for other purposes. Despite such questionable service, Wasa has regularly and unjustifiably increased water tariffs, as many as 15 times between 2009 and 2022. While the public suffered, MD Taqsem's salary increased exponentially, as did Wasa's profits, which shows its lack of accountability. He also allegedly sacked multiple people who spoke up against him. Thus he, as per the Wasa chairman's letter, has turned it into "a den of corruption".

The question is, why have all these irregularities been allowed to go on for so long? At which point does the chairman of an organisation feel bound to formally bring complaints against its MD? Why is it that he has been reappointed again and again despite so many complaints against his administration? For over a decade now, there has been regular reporting on corruption being committed. Only the other day, an investigation by the Anti-Corruption Commission resulted in three Wasa officials being sued for embezzling Tk 249 crores from one project. This trend has to stop.

We urge the relevant ministry to treat the Wasa chairman's allegations with the seriousness that they deserve. If authorities want to convince the public that MD Taqsem's lengthy tenure is not a result of nepotism and favouritism, then a fair investigation is the way to go.

## LETTERS TO THE EDITOR

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### Good job with Mocha preparedness

I am impressed by how the government has managed the overall situation of Cyclone Mocha. The local authorities evacuated more than a million people away from the danger spots that were feared to be in the way of the severe cyclone and storm surge. Thankfully, Bangladesh was spared from major damage and the aftermath of the cyclone was less intense than what had been expected. Sill, St Martin's Island suffered some significant damage. Therefore, the authorities should now focus all their efforts on rebuilding the affected lives and livelihoods in our sole coral island and provide sufficient aid – food, drinking water, medication – to its residents so that they can recuperate and get back to their normal lives as soon as possible.

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# The middle income 'intellectual' trap



THE THIRD VIEW  
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The lower middle income trap occurs when a lower income country (LIC), in the process of becoming an LMIC, is forced to pay relatively high wages with comparatively low productivity, because of a rising cost of living. Thus, an LMIC loses its competitive edge in the labour-intensive markets because it cannot compete in the higher value-added markets.

The question we want to ask today is why countries get stuck in transitioning from one category to the next. There are numerous economic reasons. But we believe there is also the "mindset" factor that makes the "trap" more lethal and impedes or delays a country's capacity to come out of it.

The mindset factor is a phenomenon in which policymakers become so enamoured with their success that they become defensive. They close their minds off to differing points of view that identify weaknesses in their "success" and shut out suggestions for policy reforms that are needed to move forward. They refuse to learn from other countries as to why they fell into the lower middle income trap, thus missing the crucial opportunity of avoiding the well-known pitfalls that could have easily been avoided had they just kept their minds open.

Bangladesh is a good case study of how we moved from a relatively weak base to a stronger economy, and how that has entrapped us into the middle income intellectual trap.

The high human cost – genocide – at our nation's birth and the overall economic devastations caused by the Pakistan Army left us heavily dependent. We needed aid to survive. Our resources were limited, and problems enormous. The world thought it would have to hold our hand constantly to help us survive. It was an "aid and conditionality" tablet that we needed to swallow annually to stay afloat.

The stigma of being termed a "basket case" and the reality of dependency led us to develop a collective sense of "inferiority." We were not as good as others – less educated, less healthy, less productive – and whatnot. The list was long and demoralising.

With constant insistence that we hire external consultants even for things we knew better, the "dependence syndrome" got deeply entrenched in our psyche and further



ILLUSTRATION: BIPOB CHAKROBORTY

deepened our inferiority complex.

Then, we surprised the world. Due to enormous hard work by the people, some crucial innovations of the private sector, and some far-sighted policies of the governments of the day, we started getting "A", rather than the usual "F", in the global categorisation of our performance. From standing with a crutch, we began to stand on our own and even climbed upwards to transition from an LIC to an LMIC in 2015.

With international recognition galore, we found the seductiveness of praise – which took more than 30 years to come – irresistible. We refused to accept the nuanced vulnerability of success and shut our ears to the voices of reforms.

Just as the dependency syndrome gave us an "inferiority complex," the sudden rise to becoming a global "model of development" brought its own psychological repercussions and gave us a "superiority complex."

from our perception some serious weaknesses in our achievements. Amid the cacophony of self-congratulations, we forgot that we needed reforms, innovations, and good governance.

The IMF's latest recommendations, contained in its 190-page report, is a good example of the "intellectual trap" our policymakers fell into by refusing to listen to our own think-tanks and economists. The reforms in the National Board of Revenue (NBR) and the banking sector, the reining in of the non-performing loans (NPLs), reducing over-dependence on a single sector, export diversification, etc, have all been suggested ad infinitum by our own think-tanks, economists, and the independent media. Nothing reveals the imposing of political agenda over our economy as dramatically as our decision to allow so many banks to operate in an economy of our size, the economic or fiscal logic for which is non-existent.

Our policymaking now is extremely

fundamentally averse to change, especially of policies, most of which they have helped author themselves. Thus, there is a natural tendency to resist reforms, the time for which is running out if we are to avoid the pitfalls other countries fell into.

If we are to avoid the lower middle income trap, we must free ourselves from the middle income intellectual trap that is preventing us from challenging the status quo and breaking down the barriers to reforms and innovations. As early as in 2017, the Asian Development Bank Institute (ADBI) published a report titled "Escaping the Middle Income Trap: Innovate or Perish," in which lack of innovation was singled out as the main reason for many Latin American countries failing to avoid the middle income trap.

There will be no avoiding the same for us, unless we free ourselves from the intellectual stagnation in which we find ourselves today.

## Let the world not forget Nakba



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In Arabic, the word Nakba literally means "disaster," "catastrophe" or "cataclysm." This occurred when more than 700,000 Palestinian Arabs – about half of pre-war Palestine's Arab population – were expelled, or fled in fear of their lives, from their homes during the 1948 Palestine war. Urban Palestine was almost entirely extinguished. It can be safely assumed that around 80 percent of the Arab inhabitants of what became Israel, or half of the Palestinian Arabs, had to leave their homes.

The tragedy happened just before the Israeli Declaration of Independence in May 1948. Factors involved in the process included Israeli military advances, destruction of Arab villages, psychological warfare, and fears of another massacre by Zionist militias after the one in Deir Yassin (which had caused many to leave out of panic). Other factors included direct expulsion orders by the Israeli authorities, "voluntary self-removal" of the wealthier classes, absence of an organised Palestinian leadership at that time, and an unwillingness to live under Jewish control. Any student of history will recall that when the unprovoked Deir Yassin massacre took

place on April 9, 1948, around 120 fighters from the Zionist paramilitary groups Irgun and Lehi killed hundreds of Palestinian Arabs in Deir Yassin, a village of roughly 600 residents near Jerusalem.

The facts and figures surrounding the Nakba are staggering: around 700,000 Palestinians were forcibly displaced out of a population of 1.4 million, who used to live on their land; 531 Palestinian villages were completely destroyed after the forced displacement of the Palestinians by the Israeli occupation authorities, and those that remained were subjected to the control of Israel and its laws.

Zionist gangs committed 51 documented massacres against Palestinian civilians. Only about 1.5 million Palestinians remained in the Palestinian cities and villages on which "Israel" was established after the Nakba. At the end of 2022, their number reached about 1.6 million.

History would show the degree of betrayal by the key players involved with the Palestinian crisis. It was, in effect, a total violation of the United Nations General Assembly Resolution 181 of November 29, 1947, which stipulated the Palestine Partition Plan of creating

two states: Arab and Jewish. The city of Jerusalem was to be governed under a separate international arrangement, or as a *corpus separatum*. Those involved with this process have chosen to ignore their own commitments, enabling Israel to continue with its inhuman and unlawful behaviour with impunity.

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The long-term fallout from the 1948 catastrophe becomes even more stark when one looks at the refugee situation created by it. Today, Palestinian refugees are among the most numerous in the world and the

oldest issue in the corridors of the United Nations.

According to the statistics of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), as of September 30, 2022, the number of displaced Palestinians reached 6,617,869, equivalent to 46.1 percent of the total Palestinian population in the world. A third of registered refugees live in 59 official camps in Jordan, Lebanon, Syria, the West Bank, and the Gaza Strip. The remaining two-thirds live in cities and towns in host countries and in the state of Palestine under very difficult living conditions.

Bangladesh, itself a victim of massacre and genocide in 1971, has all along stood by the people of Palestine and has consistently supported their struggle for justice leading to the establishment of the state of Palestine. This was reiterated in a message on the occasion of the 75th anniversary of the Nakba (May 15, to be exact) by Prime Minister Sheikh Hasina, when she once again called for the peaceful settlement of the Palestinian crisis on the basis of international laws and UN resolutions, and for the achievement of an end to the Israeli occupation. She also sought the establishment of an independent, sovereign, and viable state of Palestine on the basis of the pre-1967 borders.

It is now up to those who call for a rules-based world order to accept the reality of the tragedy, and ensure the establishment of a viable Palestinian state that can live in peace with all its neighbours.