

A strategy for durable poverty reduction in Bangladesh



Mahtab Uddin
is assistant professor of economics at Dhaka University and
honorary research director at the South Asian Network on
Economic Modeling (Saneem).

MAHTAB UDDIN

Bangladesh's poverty rate declined from approximately half of the population in the 1990s to one-fifth by 2019. However, this progress proved fragile. Covid and its related measures disrupted jobs, enterprises, remittance flows, and supply chains. Estimates show a sharp increase in poverty in 2020-21. Although recovery has brought it down again, signs of stress persist due to high inflation and economic tightening. Surveys suggest the poverty rate in Bangladesh may now be higher than in 2019, with extreme poverty also rising. While numbers vary, the trend is clear: poverty reduction has slowed, and reversals are becoming more common.

There are several reasons why Bangladesh was unable to reduce poverty rates as effectively as it intended, and many of these causes are interconnected. Without addressing one, it is impossible to resolve the other. In other words, the country's attempt to keep the poverty rate low failed because it lacked a comprehensive approach focused on the poor.

A durable poverty reduction strategy rests on four interconnected pillars. The first is an accurate identification of poor households. Targeted policy is only as good as its ability to locate the intended beneficiaries. Even after decades of policy prescriptions, Bangladesh has failed to establish a fully operational, regularly updated household registry that is usable across programmes. The National Social Security Strategy (NSSS) envisioned a national household database and systematic tools, including proxy means testing (PMT), to support eligibility decisions and reduce arbitrary inclusion and exclusion. Without this foundation, fragmentation persists and accountability is weak.

Secondly, it must ensure that the poor receive the same education and skills as the non-poor. This might require more schools and infrastructure in pro-poor regions. Additionally, these households need social security support because the poor often face

invest less in human capital (such as education or healthcare) than non-poor households. This is why social security transfers are so valuable for sustainably reducing poverty rates.

Bangladesh's public policy has not consistently matched these realities. Regions with entrenched poverty experience gaps in school quality, teacher availability, healthcare access, and basic infrastructure. Social protection programmes often fall short in

to achieve. Its large labour force remains dominated by informal employment. Of the seven crore employed in 2022, only 15 percent were in the formal sector. Unlike the East Asian comparators, Bangladesh's industrial employment growth was far slower. Garments have powered its growth story, but this concentration has left the economy less diversified than needed. When industrial growth is narrow, demand for semi-skilled

services. For example, international migration channels were controlled by political elites who charged high fees, artificially barring poor households. The elites also captured the banking sector, leading to an increase in non-performing loans. It was more expensive for the poor to access loans. The country also failed to take timely actions to reduce inflation and implement effective education and training policies aligned with global trends.

These weaknesses explain why Bangladesh lifted many out of poverty but didn't build a thick buffer. A large, vulnerable group, living within about 1.25 times the poverty line, remains exposed to shocks. The urgency to address this is rising. While the country benefits from a demographic dividend, an ageing population will increase demand for healthcare and support. Environmental stress, pollution, food safety issues, and antimicrobial resistance will add to health burdens. Acting now is cheaper than later.

To address these challenges, Bangladesh needs coherent and timely policy action. It requires an integrated household registry with transparent eligibility criteria, regular updates, and credible grievance mechanisms, which should be utilised across programmes. The focus should be on improving quality in schools and healthcare in lagging regions, not only through infrastructure but also through staffing, learning outcomes, and accountability. Modernising the curriculum and expanding credible technical and vocational pathways are essential. Social protection must be consolidated, better targeted, and funded at levels that effectively safeguard living standards during shocks. In terms of employment, the priority is diversifying beyond garment products, creating a more predictable business environment, reducing trade and regulatory hurdles, improving logistics, and aligning skills policies with market demand. Governance reforms that reinforce the rule of law and financial discipline, and that expand fair access to services such as credit and safe migration channels, should also be prioritised.

International experience points to a simple lesson: durable progress comes from combining targeted support with structural change and consistent implementation. If Bangladesh acts with urgency and focus, it can protect past gains and restore steady poverty reduction. If it does not, reversals will become more frequent, vulnerability will deepen, and the risk of a prolonged middle-income trap will rise.



FILE PHOTO: STAR

Bangladesh's attempt to keep the poverty rate low failed because the country lacked a comprehensive approach focused on the poor.

several preconditions, such as having fewer resources to spend after education, healthcare, and other essentials. The marginal utility of money is much higher for the poor than for the non-poor: i.e. the same SI would mean much more to the poor than to the non-poor. It also means that, compared to the non-poor people, the poor would value present consumption more than future consumption, a phenomenon in economics known as the time value of money. Therefore, poor households tend to

both coverage and adequacy. Studies and administrative reviews repeatedly point to significant targeting errors, where benefits leak to non-poor households while eligible poor households remain excluded. At the same time, benefit levels have frequently been too small or too irregular to offer meaningful protection against rising living costs.

The third pillar is the labour market, specifically the creation of decent, productive jobs at scale, which the country has failed

labour becomes weaker, rural-to-urban mobility yields smaller productivity gains, and many migrants end up in low-paid services and manual work with limited opportunities for occupational mobility.

The final pillar that Bangladesh missed was effective governance and coherent policies. Due to corruption, low moral standards, and bureaucratic complexity, the poor had limited access to quality education and healthcare, as well as to migration, social security, and other

Trump's world vision: Honest, yet precariously primitive

Dr Daniel Warner
is an academic and the author of 'An Ethic of Responsibility in International Relations' (Lynne Rienner). He lives in Geneva.

DANIEL WARNER

US presidents are not known for telling the truth. From Thomas Jefferson's denial of a relationship with the enslaved Sally Hemings onwards, there has been no shortage of political distortions emanating from the Oval Office. President Donald Trump, however, has taken a different track. When asked by *The New York Times* reporters whether there were any restraints on his global powers, Trump replied, "Yeah, there is one thing. My own morality. My own mind. It's the only thing that can stop me." "I don't need international law," he added.

There is something almost refreshing about Trump's forthrightness. He says exactly what he means. Surprised by his violations of international law such as striking boats in international waters, killing survivors, and abducting Venezuela's president? Concerned that the US military committed the war crime of perfidy by disguising one of its aircraft as a civilian plane in attacking a suspected drug-smuggling boat from Venezuela? Worried that he did not consult members of Congress before sending armed forces abroad? "He who saves his Country," Trump wrote on Truth Social in February 2025, "does not violate any Law."

And Trump's deeds back up his words. As the US flexes its muscles in Venezuela and threatens other countries in the Western Hemisphere and beyond, the White House announced on January 7 its withdrawal from 66 international organisations. Taken together, the assertiveness in Venezuela and retreat from multilateralism underscore an expansive interpretation of "America First" as well as a very particular 21st century rejection of the rule of law and international cooperation.

White House Executive Order 14199, signed on February 4, 2025, is titled: "Withdrawal of the United States from International Organizations, Conventions and Treaties That Are Contrary to the Interests of the United States." A presidential memorandum followed on January 7, 2026, "I have...determined that it is contrary to the interests of the United States to remain a member of, participate in, or otherwise provide support to the organizations listed in section 2 of this memorandum." Of the 66 organisations named, 31 agencies and offices are associated with the UN, such as the UN Framework Convention on Climate Change (UNFCCC). Some are non-UN organisations, such as the Commission for Environmental Cooperation; others are described as "hybrid threats" including the International Institute for Justice and the Rule of Law.

Among the UN entities listed for withdrawal, the most consequential is the UNFCCC. No country has ever exited the UNFCCC since its

adoption in May 1992. Described by many as the "bedrock" climate treaty, it is the parent agreement to the 2015 Paris climate accord.

"The United States would be the first country to walk away from the UNFCCC," Manish Bapna, president and CEO of the Natural Resources Defense Council, told Reuters.

Donald Trump must be credited for his honesty. The 2025 National Security Strategy, White House Executive Order 14199 and the January 7 Presidential Memorandum are transparent statements of policy positions that are already being implemented.

What do the 66 organisations have in common? According to Secretary of State Marco Rubio, on whose report the withdrawals were based, "It is no longer acceptable to be sending these institutions the blood, sweat, and treasure of the American people, with little to nothing to show for it." He maintained that many of the organisations were "dominated by progressive ideology" and were also "mismanaged, unnecessary, wasteful,

poorly run, captured by the interests of actors advancing their own agendas contrary to our own, or a threat to our nation's sovereignty."

Indeed, the Trump administration interprets any form of multilateralism or international cooperation as an erosion of the US's absolute sovereignty. Behind this assertion lies a reliance on raw power in a lawless world. "We live in a world, in the real world, Jake, that is governed by strength, that is governed by force, that is governed by power," Stephen Miller, deputy White House chief of staff for policy and Homeland Security adviser, said in an interview with CNN's Jake Tapper. "These are the iron laws of the world since the beginning of time."

Miller's comments echo 17th century English philosopher Thomas Hobbes' famous view of human nature, "In the state of nature, life is solitary, poor, nasty, brutish, and short." US National Security Strategy 2025 defined Trump's foreign policy as "flexible realism," and stated that the US would pursue "peace through strength"—both of which reflect a disdain for law and a return to a Hobbesian state of nature.

As Genevan philosopher Jean-Jacques Rousseau noted in criticising Hobbes' state of nature, "Hobbes was taking socialised persons and simply imagining them living outside of the society they were raised in." Today, we live in a world that is highly interconnected, with many shared norms and values. To imagine a return to a primitive state of nature

is historically and sociologically impossible. Even the isolated Robinson Crusoe became socialised when Friday appeared.

Trump's nostalgia for American post-World War II domination is as unrealistic as his Hobbesian view of a 21st century political state of nature. Hobbes' hypothetical state of nature was without established governments, international cooperation, treaties, multilateral institutions or mutually agreed upon norms. There may be failed states, violent conflicts, disaster zones as well as unregulated activities such as much of the new digital world. But this does not add up to a lawless state of nature pessimistically described by Hobbes in his 1651 *Leviathan*.

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America's post-World War II dominance, absolute sovereignty, and the mythical "state of nature" are relics of the past. None exists today. Clinging to illusions of unchecked American power, or imagining a return to Hobbesian lawlessness before the UN and modern interdependence is folly—strategically reckless, morally bankrupt, and doomed to fail.

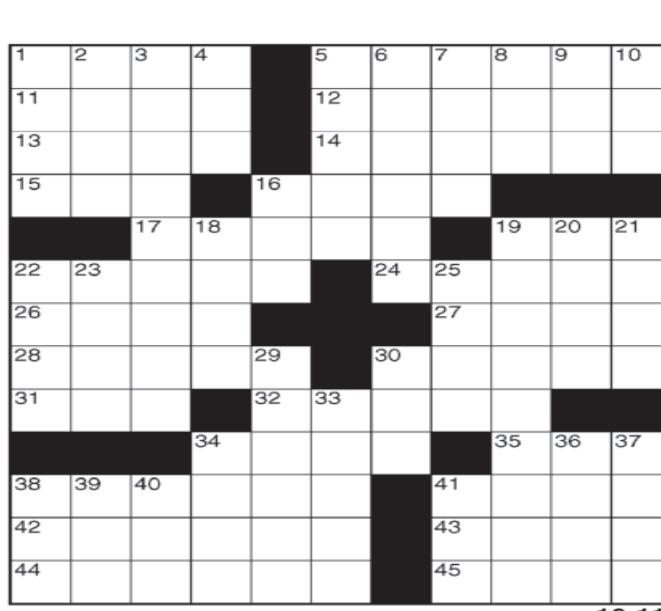
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