

# Price hike of essentials: Crisis or manipulation?



MD. ASADULLAH KHAN

## BITTER TRUTH

Reports published in the newspapers indicate that the intelligence agencies, as per the instruction of the commerce minister, have identified the vicious circle working behind the scenes in creating such artificial crises and consequent price spiral. The identity and number of such importers and hoarders have been reported to the minister. Reports further indicate that they have been forwarded to the PMO but no green signal has been obtained till now to bring the culprits to book.

It's case of masur dal, or onion or garlic or ginger or even potato or sugar, the concerned administration has hardly cared to collect any statistics that could give them an understanding about the production cum consumption data.

So, when a crisis strikes, we resort to ad hoc measures that create more problems. The basic problem is that in spite of the fact that agriculture is the mainstay of our economy, and a vital sector that continues to brighten our lives, it remains as neglected as ever. With the winding up of the BADC, no branch of the administration has replaced it to meet the accelerating needs of a growing population.

To cut a long story short, callousness and indifference, people now allege, have become a Bangladeshi trademark in governance. And it was on display again as the news item reporting the stoppage of export of wheat, dal, and sugar by India to all countries, including Bangladesh, came to public attention. Immediately after the announcement, the price of lentil (masur dal) shot up by 10 taka per kg, sugar price per kg zoomed to 64 taka from 54 taka, and the price of potato, onion, and garlic, which are not included in the list, shot up, defying reason.

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Unfortunately, the change of ministers in the commerce wing thrice during the tenure of the alliance government has done little to bring down the commodity prices. Incidentally, it is worth mentioning here that in 1980 when onion prices in India rose to Rs 5 during the Janata Party rule, it helped Indira Gandhi return to power. Here in our country we have a lesson to learn from such historical facts.

With fish, meat and chicken prices touching the roof, poor Bangladeshis do not look for anything beyond dal-bhat for their survival but, unhappily, production has fallen drastically in absence of logistic support and shrinking arable land for dal cultivation. Even when the population figure has crossed 140 million from 130 million in just about five years, the administration remains complacent with the statistics of demand and supply they had some decades ago.

As for onions or dal, imports

sometimes outstripped the demand, yet onions and dal hoarded somewhere could now be bought at 25 taka and 68 taka a kg in the market. During the month of Ramadan, just two months away, consumption of onion and different varieties of dal increases, defying the routine pattern, and conceivably some unscrupulous traders would take a chance of manipulating the price simply for profit mongering.

With the nation going to the polls in about six months, essential food item price might be a crucial factor in deciding the polls victory. Politically, this might become a ticking bomb. Incidentally, it is worth mentioning here that in 1980 when onion prices in India rose to Rs 5 during the Janata Party rule, it helped Indira Gandhi return to power. Here in our country we have a lesson to learn from such historical facts.

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On the other hand, the country

has been too much import driven swallowing the bitter bill and bracing the capricious market mechanism played out by some insidious forces both at home and abroad. In a governance system that works, the agriculture ministry must inform the commerce ministry every year at the end of the dal harvesting season about the production quota achieved (against requirement) with indications of possible shortfall.

But meeting the shortfall by import, year in and year out, when the foreign exchange reserve is dipping fast and the economy showing signs of strain, is something that the country cannot afford now. Take the case of sugar price hike in the recent past. The bulk of the demand for sugar is met by import, because even if there has been a substantial increase in the consumption pattern, no attention was given to increase the sugar cane production or to upgrade the machinery in sugar mills for having increased yield.

In 2004-05 fiscal, 829,000 tons of sugar was imported during ten months from July to April. The import cost, it was learnt, stood at 12 taka per kg. With all taxes amounting to about 75% of the purchase price plus transportation cost and margin of profit included, the market price of one kg of sugar could have been 25 taka per kg. But at that time sugar price per kg was between 28 to 30 taka and above.

However, in the 2005-06 fiscal, in about the same ten month period, without any justifiable reason only 336,000 tons of sugar were imported (possibly influenced by an impression that fifty percent of the population have suddenly become diabetic and sugar consumption has suddenly declined!).

Sugar price in the international market in the meantime shot up and the average import cost per kg this

time stood at 16 taka. In the same way, with tax, transportation cost, reasonable profit and other margins added the market price of sugar could go up to 33 taka at best. But taking advantage of the smaller quantity of import this time, the importer cum hoarder "syndicates" (as they are called these days) made the most of a vulnerable situation.

Taking into consideration that the exchange rate of taka against dollar has fallen continuously during the past year, market price of sugar might be expected to go up to 40 taka per kg, but people still cannot buy sugar below 60 taka per kg. Ironically, with government machinery remaining blatantly ineffective and blissfully indifferent, consumers became hostage to the so-called syndicate who manipulated the market as they wanted.

The story with most areas being opened to the private sector is much the same. Even where bids are invited, since the decision-making process is cloaked in secrecy, the scope for favouritism increases. The only solution is to ensure greater transparency in the government's decision-making process. Which means that once a license is awarded, all the papers relating to it, including those of the losers, should be available for scrutiny.

But such snags will continue to have a hemorrhaging effect on the country as long as the root of the problem is not cut off. With the country yet to evolve a way to fund its politicians, even honest corporate houses have no option but to find ways to generate unaccounted for money. It is estimated that a single parliamentary election alone could see political parties spend around 1,000 crore taka to pay for poll expenses. Politicians also need to draw on business resources to nurse their constituencies. Given

the mind-boggling numbers, corruption naturally is built into the system.

The system then begins to feed on itself. Politicians who need money will give licenses and contracts to businessmen so that they can make money. And when the businessman gets into trouble it's only fair, from his point of view, that the politician tries to protect him whether through preventing investigating agencies from taking any action, or getting banks to lend money to the group without adequate collateral.

This is just another instance as to how a government in a sense is

being held to ransom, dictated to not only by radical ideology but by a group of vicious business players. Most importantly, the prices of essentials now are certainly outrageous. Undeniably true, the economic strains in any country exacerbate the strains in the rank and file of the population and pose a threat to the flowering of democracy, good governance, and last of all, the hope of returning to power again.

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# Changing context of development: Role of CIRDAP

In the existing skewed distribution of productive resources, the main beneficiaries of the agricultural development policies have been the large landowners, which, in turn, has further accentuated the income gap between the rich and the poor. Apart from the agrarian reforms measures, there could be several other rural development policy options to bridge the gap such as the development of organised capacity of small and marginal farmers to make agricultural product competitive with the emerging market forces, contributing to rural development, reducing poverty and income inequality. In this context, CIRDAP could be a useful and effective institution at the regional level for generating knowledge in these emerging areas

DR DURGA P PAUDYAL

AFTER 27 years of the World Conference on Agrarian Reform and Rural Development (WCARRD), FAO organised the International Conference of Agrarian Reform and Rural Development (ICARRD) with a slogan "A Vision for the Future" from March 7-10, 2006 in Porto Alegre, Brazil. CIRDAP was invited to present a paper on the overview of the current trends and emerging issues in rural development in the Asia-Pacific region.

The CIRDAP overview paper noted the demographic trend of its member countries (CMCs) for the period 2003 to 2020 in which overall population growth is projected to increase from 2.02 billion to 2.52 billion, while the rural population may decline from 58 percent to 55 percent. This trend indicates the rapid growth of urban population, unless effective action taken to generate income and employment

in the rural areas to check migration. This region attained high and sustained economic growth over the past few decades, in which the distribution of economic growth concentrated in a few countries, and territories within a country.

A cross-country overview of the basic socio-economic indicators showed that there has been a considerable gap in income, literacy and other basic indicators of development between rural and urban areas. As a result, this region holds over two-thirds of the world poor, of which over 75 percent live in the rural areas, especially in the rural areas of the South Asian countries.

Since 1990 social and human development emerged as key element of rural development. Hence, along with income generation, capacity development, social security and safety of vulnerable groups have also been emphasised. On institutional part, area specific problems and potentials required decentralised frame-

work with a participatory mode. Institutional strengthening, empowerment and participation of the rural people continued to remain formidable challenges towards achieving equitable and sustained rural development. Despite several models of decentralisation practiced in Asian countries, an effective policy with local capacity building is yet to emerge. A concerted public policy action through both macro support and micro intervention is required to tackle numerous structural and institutional barriers impeding rural development. This involves the crucially important task of mainstreaming rural development and poverty alleviation efforts into the overall national development policies.

The paper identified some of the policy gaps to make agrarian reform and rural development inclusive, participatory and sustainable. Some emerging issues identified in the paper were, the need for a comprehensive policy package for agrarian

structure and land relations for productive and sustainable utilisation of natural resources;

containing marginalisation of ethnic and indigenous communities and tribal groups; trade in agriculture, food, and agro-based products to make sustainable impact on poverty reduction; and tripartite alliance among GO-NGO and private sector for greater formal and informal interface and interaction among these bodies. The conference accorded unanimous support for the need of agrarian reform and rural development in order to meet the World Food Summit targets and the Millennium Development Goals relating to poverty and hunger. The members recognised that achieving successful agrarian reforms and rural development is very challenging, with some members reporting success and, many identifying the difficulties. This reflects the great diversity of circumstances and experiences in designing and implementing agrarian reforms and rural development policies. It was unanimously agreed that the agrarian reforms and rural development are inter-dependent for equitable and sustainable development and that new visions and political will are crucial to deliver secure and equitable access to land and other natural resources to ensure it. The conference appreciated the

role of CIRDAP for the follow-up actions of the conference and recommend that FAO undertake a review of experiences of regional organisations that were originally established to support follow-up to WCARRD (e.g. CIRDAP, CIRDAfrica and others) and that lessons be drawn to contribute to realistic and appropriate follow-up for ICARRD. Members recommended that, based on this review, technical support should be provided to strengthen these regional organisations, to enable them to generate comprehensive knowledge at both national and regional levels, to facilitate inter-ministerial and inter-sectoral coordination on rural issues at the national level, and to support policy dialogue, cooperation, exchange of good practices, and monitoring at the regional level.

In fact, CIRDAP was established in 1979 as a part of the implementation strategy of the follow up actions of the WCARRD. The objectives of the centre were laid down as to assist national action, promote regional cooperation and act as a servicing institution for rural development. Over the past 26 years, CIRDAP tried to generate knowledge on various aspects of socio-economic development, which were, among others, poverty alleviation, gender concerns, institutional and infrastructure development, agrarian development, participatory approaches, government-NGO collaboration, local resource mobili-

sation, micro-credit, GIS, M&E mechanism, environment and natural resources development and food security. Such range of knowledge, along with capacity building trainings and exposure visits, helped its member countries to follow up the WCARRD action plan in their own policy context. In the context of globalised-market-led-economy, there has been a serious concern that the basic issue of access to land and other productive resources by the poor and disadvantaged groups/communities has not been adequately addressed. On the contrary, the market has already taken agriculture sector under its commercial influence. Hence, there is a real danger that this sector, which is still the major employment provider, main contributor to the GDP and main export earner, may bypass the small and marginal farmers.

Indeed, in the existing skewed distribution of productive resources, the main beneficiaries of the agricultural development policies have been the large landowners, which, in turn, has further accentuated the income gap between the rich and the poor. Apart from the agrarian reforms measures, there could be several other rural development policy options to bridge the gap such as the development of organised capacity of small and marginal farmers to make agricultural product competitive with the emerging

market forces, contributing to rural development, reducing poverty and income inequality.

In this context, CIRDAP could be a useful and effective institution at the regional level for generating knowledge in these emerging areas and also follow up ICARRD action plan in the areas of capacity building of rural development functionaries through training and exposure visits; revisiting important policy agendas of agrarian reform and rural development in the new economic context and policy environment; knowledge development in inclusive, participatory and sustainable rural development.

In order to achieve the mission, CIRDAP must be developed as a networking organisation, in order to take advantage of rich professional and institutional infrastructure of its link institutions in CMCs. Similarly, the policy bodies of CIRDAP such as the Technical Committee (TC) represented by the heads of CIRDAP link institutions, the Executive Committee (EC), represented by the Secretaries of the Ministries related to RD and the Governing Council represented by the ministers related to rural development in CMCs should be developed as a regional forum for policy dialogue to share rural development policies and experiences among CMCs.

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# The rule of Order 17

That just won't do. If the United States is ever going to get out of Iraq with any semblance of honor, it's going to have a relationship of equal respect with the people running the government there. It can no longer treat them as servants. It can no longer pretend it's running a "protectorate" for incompetents - especially since it was our own incompetence at the highest levels that got us into this mess.

CHRISTOPHER DICKEY

IT'S just two years ago this week -- two very long years -- that President George W. Bush's hand-picked pro-consul cut and ran out of Iraq. Instead of a grand ceremony handing over something called "sovereignty" to the US-appointed government of Ayad Allawi, there was a low-key, almost secretive handshake and a very quick set of brief remarks before Paul Bremer jumped on a plane and got the hell out. He didn't want to attract too much attention, or mortar shells from the growing insurgency.

It was an extraordinary moment, fraught with the arrogant hyperbole and arrant hypocrisy that has characterized this adventure all along. According to Bremer, the idea for the health ceremony before the announced date came from President George W. Bush, via Condoleezza Rice, who was then his national-security adviser. She's quoted in Bremer's book,

"My Year in Iraq," saying: "The president is trying to 'wrong foot' the opposition by doing the transfer of sovereignty a couple of days early." Bremer agreed to this bright idea but worried that it would "look as if we are scuttling out of here, Condi." There would have to be "several days of relative calm" beforehand. In the event, he settled for several hours. When Bremer landed in Jordan, he called his wife. "I'm safe and free," he told her. Which was more than he could say for Iraq.

What Bremer did not mention in his book is a document -- Coalition Provisional Authority Order Number 17 -- that he signed on June 27, 2004, just one day before he scuttled out of there, that continues to set the ground rules for the American occupation of Iraq. It is not a Status of Forces Agreement (SOFA) like the ones we have with our NATO allies or Japan or other countries where US forces might be based. Those have to be negotiated, and the talks are tough,

because truly sovereign countries think sovereignty truly is important. They never like the idea that American soldiers who commit crimes on their territory are not subject to their laws.

But Order 17 was not negotiated with the Iraqis, it was promulgated by the Americans, and it's purely of the people, by the people and for the people that the United States brought into Iraq. Under its provisions, they are exempt from Iraqi laws, cannot be arrested, prosecuted, tried or taxed. Nor do they have to pay rent for the buildings and land they turn into bases. Ambassador Barbara Bodine, who served in Baghdad immediately after the invasion and subsequently negotiated military agreements with other countries before leaving the State Department in 2004, describes what Bremer pulled off as "a SOFA on steroids." It's all about what the Americans get to do, and what the Iraqis get to do for them. Order 17 applies not only to

soldiers but to the rest of that vast, motley array of foreigners that originally came in with Bremer and stayed, under different guises and in ever-growing numbers, after he left: consultants, contractors and the "security contractors," known in other places and times as mercenaries. Under Order 17, as long as they're working on US government contracts and subcontracts they are immune to arrest and prosecution, taxes and duties imposed by Iraqi law. (I would invite readers to look at the text.) Implicitly and in fact, Order 17 has given these characters a license to kill.

Why talk about it now? Because today -- and this is no mean accomplishment for the American occupation and for the Iraqi people -- there actually is a sovereign government in Baghdad under Prime Minister Nuri al-Maliki. And whatever its failings, it's going to be answerable to political interests inside the country, not just inside the Beltway. At a time when Washington

clatters with political cut and thrust about that catchphrase "cut and run," the Iraqis themselves are interested to know just what the Americans think they are doing in Iraq, how long they'll keep doing it and under whose laws. Of course, there's also the issue of several alleged massacres by American troops, and there are the less publicized but not uncommon killings of innocents by American private security personnel, if not in the line of duty, then in the line of government employment.

Maliki said earlier this month that it's a "regular occurrence" to see Iraqis die at the hands of Americans who "crush them with their vehicles and kill them just on suspicion." And it's no wonder he wanted to launch a separate police investigation into the alleged killings at the town of Haditha. But no Iraqi inquiry would have the power to subpoena, much less to put on trial or convict any American found guilty. (And execution? Well, that's for Americans to do to themselves and others, not for Iraqis to do to us.)

On Dec. 31 of this year, United Nations Security Council Resolution 1637, which provides the broad legal mandate for American and other foreign coalition forces in Iraq, will expire. My friends in Baghdad tell me the United States has been

quietly encouraging the Iraqi Parliament to call for the resolution's renewal. But the Parliament will soon go into recess, so it's hoped Maliki might just make that move by himself. If he does, and takes no other action, Order 17 will still be around. As a spokesman for the Multinational Force in Baghdad informed my Newsweek colleague Sarah Childress, "CPA Order 17 remains in effect. The Iraqi Constitution provides that all existing laws remain in effect until they are amended or annulled." Indeed, it was written to "remain in force" for as long as the U.N. mandates are renewed and "shall not terminate until the departure of the final element of the [multinational forces] from Iraq," unless the Parliament in Baghdad explicitly repeals it.

In the middle of a war that both the Maliki government and the U.S. forces are trying to win, supposedly by working together, many in Baghdad and Washington would rather not get too explicit about the terms of the relationship. It's as if their marriage were a romance, and a pre-nup might spoil all that. But this isn't a marriage, and so far the US-Iraqi relationship isn't even a real partnership. It still looks like, and is, an occupation by foreign powers, a quasi-colonial undertaking. If there had been any doubt about

that, just look at the uproar in Washington over Maliki's leaked plan for national reconciliation, which originally included a timetable for the withdrawal of foreign troops and an amnesty for Iraqi insurgents, implicitly including those who'd attacked Americans. The text that was issued, in the end, dropped both those proposals. Where the United States is concerned, of course, amnesty is a one-way street: Americans get it (and in advance through Order 17), Iraqis don't.

In a war that's every bit as much a political as a military undertaking, this situation may be great for Halliburton employees and the hired guns of Blackwater, but it's not going to help us bring peace. What's needed, and now, is a new Status of Forces Agreement or similar treaty. Will it be difficult to conclude? Yes. But without it, the Iraqis will believe, and with reason, that American plans remain much as they were when Bremer issued his writ -- and split. Unable to stay, unable to go, we'll try to leave the Iraqis behind to finish the war we started, if they can, but demand they follow our rules while they do it and work for our benefit in the process. That just won't do. If the United States is ever going to get out of Iraq with any semblance of honor, it's going to have a relationship of equal

respect with the people running the government there. It can no longer treat them as servants. It can no longer pretend it's running a "protectorate" for incompetents -- especially since it was our own incompetence at the highest levels that got us into this mess.

There is a famous quote from the brilliant, troubled and troublesome British Orientalist T. E. Lawrence that one hears quoted often by Americans in Iraq. "Better the Arabs do it tolerably than that you do it perfectly," they tell each other knowingly -- without knowing, perhaps, how grossly condescending they sound. But, like many another famous quote, this one has been edited down by the facile repetition of simple minds. What Lawrence actually said was: "Do not try to do too much with your own hands. Better the Arabs do it tolerably than that you do it perfectly. It is their war, and you are to help them, not to win it for them. Actually, also, under the very odd conditions of Arabia, your practical work will not be as good as, perhaps, you think it is."

That last line is the one to remember.