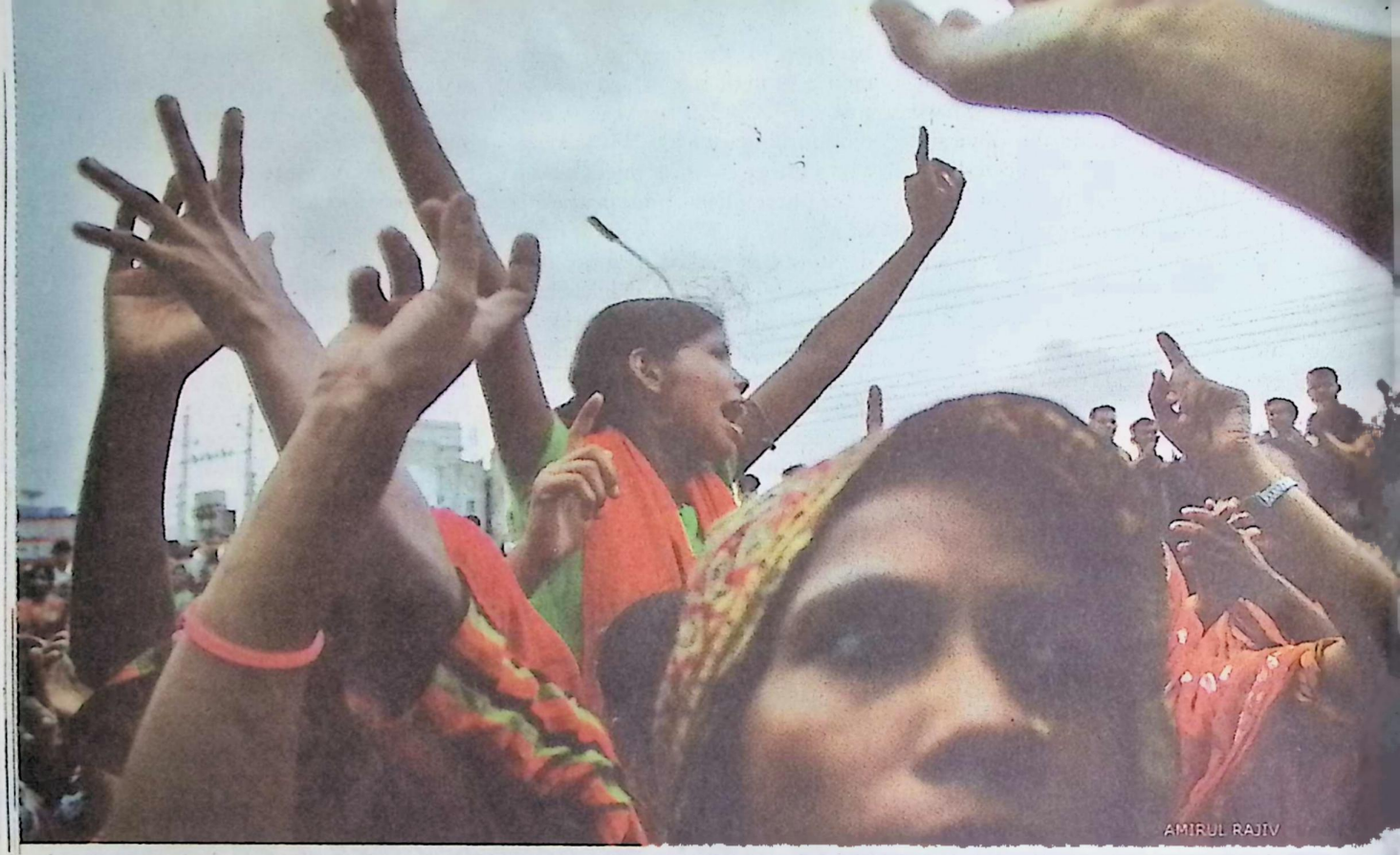


food to the poor can be achieved through other channels (see below).

The interventions by the joint forces have generally been very counter-productive, and led to a marked reduction of normal flow of commodities and loss of market confidence. Maintaining a large inventory level helps stabilise market, while forcing the traders to limit their inventory in the name of "hoarding" and anti-hoarding drives will certainly destabilise markets. If rice traders and millers do not build up an inventory of Aman rice, how would the market be supplied in the coming months?

To those who want to reactivate the Trading Corporation of Bangladesh (TCB), I would only ask them to remember the glorious days of TCB after the independence of Bangladesh, when it brought the worst quality products at top prices and helped plummet popularity of the Sheikh Mujib government. The idea of a price commission is also equally bankrupt in to-day's globalised world.

To those skeptics who think Bangladesh private sector does not respond to price incentives, I would ask them to go to Benapole and Hili land ports and witness the long queue of trucks filled with rice and to the Chittagong port to observe the unloading of food grains from the ships. All of these are imports by the private sector large and small importers numbering in thousands from all across the country, and definitely the scenario does not point to any "cartel of importers."

Is this price shock going to be reversed soon? Unlike in past episodes, primary commodity price increases this time are largely demand driven and not because of supply shocks. As countries like India and China are becoming richer, the rising billions are eating better, demanding better housing, and would like to have better transports and other amenities. The resulting demand for primary products have been reflected first in surging prices of energy products and all types of metals and construction materials (steel and cement), and has now been reflected in food prices. Chinese meat consumption per person per year has increased from 44 pounds in 1985 to 110 pounds today. As we know, producing meat takes a lot of Grain -- more than 8 pounds of food grain to produce a pound of beef.

At the same time, due to the sharp rise in the demand for biofuels in Brazil, the US, and Japan, prices are increasing sharply despite record levels of production. With 4 billion people attaining higher standard of living today, compared with 2.5 billion in 1975, prices of basic commodities are likely to remain high over the longer term. The idea that rice prices would come down to Tk. 10-15