Arithmetic of votes

Election 2008 is just few days away, but the big parties have still not announced their prime ministerial candidates. PML-Q had a secret deal with Maulana Fazal ur Rehman before the imposition of emergency last year. It was not a secret that PML-Q offered prime minister ship to Maulana in return for his support for the election of the President Musharraf. Maulana fulfilled his promise, but his party was broken due to his unannounced support for Musharraf. He is no more in a position to get 60-70 seats.

PML-Q have decided to field Chaudhry Pervez Elahi as the candidate for prime minister. At least 20 PPP candidates from Punjab were in contact with those who were taking care of PML-Q for five years. A lot of money was distributed among many "needy" PML-Q candidates. Some influential supporters of PML-Q are still confident of getting at least 100 seats in the national assembly, but it will be possible only with the manipulation of results. They are not ready to admit that December 27th changed everything.

HAMID MIR

AKISTAN is changing. It is to understand the new ground realities of Pakistani politics. Militancy in the North West Frontier Province bordering Afghanistan is on the rise, but religious politics in the same province is on the decline. A fair and free election on February 18th can really change the entire landscape of electoral politics in Pakistan.

The last election in October 2002 gave rise to religious parties in electoral politics, but 2008 may bring a downfall of religious parties and their old allies who ruled not only NWFP but also Baluchistan province for five years. February 18th may prove that it was not religion that caused the rise in militancy, but some regional conflicts and bad strategy in the war against terror actually created more terror in Pakistan.

There is a big difference Musharraf was in army uniform in 2002. He is no more wearing his uniform in 2008. Two former prime ministers, Benazir Bhutto and Nawaz Sharif, were in exile in 2002, and their absence helped religious parties to increase their influence. Both of them returned to Pakistan in 2007. They are still absent from electoral politics, but their parties will not allow anyone to steal the anti- establishment votes. PPP and PML-N will represent the rising liberal and Pakistan. Only Baluchistan may go back to the hands of the past rulers due to the election boycott of secular and nationalist parties in the province.

Some new realities in Pakistani politics actually emerged on December 27th last year. Benazir Bhutto came back to Pakistan on

October 18th, and she was planning to contest election from a constituency (NA 207) in her home, Sindh province. She was assassinated on December 27th, 2007, and election was cancelled

in NA 207. tion papers from Lahore, but the Election Commission of Pakistan situations in Pakistan and countries have interim governments. Two former prime ministers of Bangladesh, Sheikh Hasina and Khalida Zia, may not former prime ministers in Pakistan are also not participating in the coming election. One martyred and the other banned.

Martyred Benazir Bhutto has become a much bigger threat for alive Benazir Bhutto. December 27th was like a 9/11 for anti-Bhutto forces. She became a that poor people are selling her between 2002 and 2008. Pervez posters for Rs.20 at every crossing of Murree road in Rawalpindi, but her party is still not in a position to take advantage of her popularity in many constituencies. It is still very difficult for PPP to get simple majority in the coming national assembly. PPP could benefit from the sympathy wave if the voter turn-out is good.

A high turn-out of voters will upset the position of PML-Q in its political fort of Punjab. Before December 27th pro-Musharraf PML-Q was not only confident of semi-moderate political forces in winning back the biggest prov- with Nawaz Sharif. He was at least three provinces of ince of Punjab, but Chuadhry defending the emergency Pervez Elahi was also a serious candidate for the premiership. Now PML-Q may face a tough fight from PPP in Punjab. This of his own past government. time it would be difficult for any party to get a clear majority, even in Punjab. A majority of the political observers are expecting a hung parliament in the center,

The national assembly has total 342 seats. 272 seats are meant for direct election while 60 seats are reserved for women and 10 seats reserved for the minorities. There are 148 seats in the Nawaz Sharif filed his nomina- national assembly from Punjab; PML-Q candidates are stable in 55 constituencies while PPP rejected his papers. Now, the candidates have strong position in 48 constituencies. PML-N Bangladesh are similar. Both the could do well in 41 constituencies. Independents can also win some seats in the rural Punjab. Shortage of atta (flour) and electricity for many weeks can further participate in the elections. Two increase the seats of anti-Musharraf forces in Punjab.

Punjab and also in NWFP.

Pro-Musharraf PML-Q is suffering from infighting. This party ruled Pakistan for five years. Mir Zafarullah Khan Jamali was prime minister under Musharraf her political opponents than the for two years and then Shaukat Aziz was prime minister for three years. Jamali has left PML-Q, and Shaukat Aziz left Pakistan legend on that day. One can see because PML-Q leadership refuses to grant him a party ticket from any place in Pakistan. The finance ministry remained with Shaukat Aziz for 8 years. He is no more available to defend his economic policies in the election campaign of 2008. Chuadhry Pervez Elahi has been forced to admit that country was facing economic problems due to the

bad policies of Shaukat Aziz. Many famous federal ministers and MNA's of the previous PML-Q government have also left their party. Former Law Minister Zahid Hamid from Sialkot joined hands imposed by Musharraf on November 3rd, and is now making speeches against the policies Former minister for economic affairs, Hina Rabbani Khar, from Muzaffargarh has joined PPP. Former environment minister, Malik Amin Aslam, from Attock

and former industries minister Jehangir Khan Tarin from Rahim Yar Khan refused to contest on

PML-Q tickets. Most of the PML-Q turncoats, like Sanaullah Khan Mastikhel from Bhakkar, were given shelter by Nawaz Sharif. People like Mastikhel have no hesitation in saying that it was not possible for him to win on a PML-Q ticket. It is interesting that both Chaudhry Shujaat Hussain and Chaudhry Pervez Elahi of PML-Q are contesting from two seats of the national assembly. Javed Hashmi of PML-N is contesting from 4 seats of Multan, Lahore and Rawalpindi. He is trying his level best to defeat Sheikh Rashid Ahmad of PML-Q from this garrison city.

from Punjab in 2002, but this time NA-56 in 2002 for MMA, and this time he is confident of defeating Sheikh Rashid from the platform of PML-N. Both PML-Q and PPP have weak candidates in Lahore. The bulk of the 13 Lahore seats will go to PML-N.

The federal capital, Islamabad, has two NA seats. PPP and MMA won these two seats in 2002. NA-48 was captured by MMA in 2002. Now PPP, PML-N and PML-Q will have a close fight in NA-48. PPP candidate, Dr.Israr Shah, lost both his legs in a suicide bombing last year in Islamabad, and he will get lot of sympathy votes. PPP won NA-49 in 2002, and this time again PPP will try to defend this

strong position in 37 seats, but is for five years. Maulana Fazal weak in Tharparker and Sanghar. decided to contest from Bannu PML-Q and PML-F of Pir Pagaro because he was feeling insecure can jointly win at least 4 seats in in his old Dera constituency. Tharparker and Sanghar. Former Faisal Karim Kundi of PPP will PML-Q chief minister Arbab give a tough fight to Maulana in Ghulam Rahim is in the full con- Dera, which is close to South trol of the administration in Waziristan. Militants of South Tharparker. It is difficult for PPP candidates to come out and run with Maulana. They don't believe their election compaign in the in democracy but they are supdesert area of Tharparker. MQM is stable in 19 urban seats of Karachi and Hyderabad. The won 7 seats in 2002 from two big urban centers of Sindh. This time they are not in a position to win even a single seat from these two cities. Their seats will be distributed among PPP and MQM. The majority of the 20 Karachi seats will go to MQM again.

national assembly. Religious symbol of book. All the former

coincided with the traditional lean

season, explaining the sharp

reduction in the demand for agri-

cultural labour. This is com-

pounded by the fact that farmers

are reducing the acreage for differ-

ent crops for the next season,

being unable to meet the costs of

production due to a fall in farm

incomes. The agricultural labour-

ers are, therefore, one of the most

vulnerable groups in the present

crisis, facing both reduced

incomes and rising food prices.

This hardship is reflected in the

fact that migration to cities in

search of food and jobs is increas-

prices in South Asia and other

developing areas, throughout the

The steady increase in food

parties alliance MMA captured most of the seats in 2002 by using the anti-American wave at that time. MMA is broken now. Its president, Qazi Hussain Ahmad of Jamat-i-Islami, has boycotted the election along with Imran Khan. He thinks that there could be no fair and free election if Musharraf was the president of Pakistan. His party is urging voters to stay at home on February 18th, but Maulana Fazal Ur Rehman of JUI is fighting the election battle. This time, he is trying to secure his seat not only from Dera Ismail Khan but also from Bannu.

PML-N, PPP and ANP are supporting independent candidate Malik Nasir Khan against Maulana Fazal in Bannu. Former Religious parties won 5 seats MMA chief minister Akram Khan Durrani is running the campaign their seats will go to PML-N, of Maulana in Bannu, but he is Aftab Sherpao can also win his candidate for prime minister. At including one by Hanif Abbasi facing problems. The majority of from Rawalpindi. Abbasi won the Bannu residents have their relatives in North Waziristan, which is only few kilometers away from their city. Bannu city hosted thousands of refugees last year when Mir Ali area of North Waziristan was bombed, allegedly to flush out Al Qaeda terrorists. JUI did nothing to help the refugees in Bannu, despite the fact that North Waziristan MNA Maulvi Nek Zaman and the CM of the province belonged to the same party.

It is interesting that Maulana Fazal ur Rehman is facing a united front of pro-Taliban and anti-Taliban elements in Bannu. Independent candidate Malik Nasir Khan is claiming that his opponent collaborated secretly Sindh has 61 seats for the not only with Musharraf but also national assembly. PPP has a with America to remain in power Waziristan are also not happy porting opponents of Mualana.

This time religious Maulanas cannot win more than 5-6 seats in allowed them to use the name of Taliban for exploiting anti-Americanism. Voters are fed-up of their internal differences and double games. They may get some more seats out of 12 tribal area seats, but their candidates in NWFP has 35 seats for the Fata were denied the election

MMA legislatures from the tribal area now claiming that they were independents, but they may again support their mother party if circumstances allow them to.

Asfand Yar Wali Khan is hot

favourite in the Pashtu speaking areas of NWFP. A grandson of Khan Abul Ghaffar Khan (Sarhadi Gandhi), Asfand Yar is contesting from two seats of Charsada and Sawabi. His candidates are strong in 12 seats of the province. PPP have good candidates in 7 seats in NWFP. PML-N have 6 good candidates in Kohat, Abbotabad and Mansehra. PML-Q may win the seats of former state minister for finance Omer Ayub Khan from Haripur, Muhammad Nawaz Khan from Battagram and Hamayun Saifullah from Lakki Marwat. Former interior minister Chaudhry Pervez Elahi as the seat from Charsada. Independent candidate Mian Gul Adnan Aurangzeb can win from the troubled area of Swat (NA-30) because he belongs to the former princely family of the state, which is still very well respected in the upper Swat. Baluchistan has 14 seats for the

national assembly. The main nationalist parties of the province have boycotted the election, and the field is open for PML-Q and JUI here. PML-Q can win the 7 seats of Quetta, Pishin, Killa Abdullah, Sibi-kuhlo, Bolan and Lasbela. The traditional seat of late Nawab Akbar Bugti, NA-265, may go to his old tribal rival Mir Ahmadan Bugti, who entered the area two years ago with the help of security forces. JUI is suffering from serious internal crisis here, but it can still easily win two seats of Maulana Muhammad Khan Sherani (Zhob) and Maulana Abdul Ghafoor Haidri (Kalat-Mastung). NA-269 of Khuzdar will have a tough fight between an independent candidate Usman advocate and PML-Q's Atta-ur-Rehman Mengal.

Lt.Gen (Rtd) Abdul Qadir Baluch has good chances in NA- Makhdoom Shah Mahmood 271 of Kharan-Panjgur as an independent candidate. He served as governor under Musharraf for some years, but religious parties alliance, MMA, the settled areas of NWFP, now he is opposing Musharraf. fair election on February 18th. because militants have not Another former minister of the PPP Co-Chairman Asif Zardari previous regime, Zubaida Jalal, is fighting independently from Kech-Gawadar seat with the help of PPP. She will have a close fight with another independent, Yaqoob Bizenjo, supported by nationalists. Ultimately, Baluchistan will again be dominated by PML-Q and JUI. This is impartial. He is also concerned Star.

time, Sardar Yar Muhammad Rind will be a strong candidate for chief ministership, rather than Jam Yousaf who ruled the province previously without any good Awami National Party (ANP) of governance.

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Now PML-Q is concentrating more on defending Punjab. Chaudhry Pervez Elahi is not going outside Punjab for addressing public meetings. PPP sources are claiming that Makhdoom Amin Fahim and Aftab Shaban Mirani could be their candidates for the post of prime minister. These sources are claiming that if PPP does well in Punjab and bags more than 70 seats from that province, then the party may think of nominating a prime minister from Punjab because the total number of PPP in the assembly could increase to around 112. In that case, the president of PPP Punjab, Qureshi, will be a candidate for

prime ministership. No doubt that PPP can come into power if there is a free and recently said that his party would participate in the election under protest because the whole state machinery was at the disposal of PML-Q. The caretaker prime minister Mr.Soomro belongs to PML-Q, and Zardari is not ready to admit that his administration

about some quiet advice to play down his statements. He said that if there was rigging then the current rulers would be taking Pakistan back to 1971, when the country disintegrated. He has instructed his polling agents as well as voters not to leave polling stations until the results were announced.

Many influential diplomatic sources in the federal capital are suggesting a coalition government between PPP and PML-Q. Political observers see less chance of that because PPP is no more ready to trust blindly those who forced them to reconcile with PML-Q, because of which PPP suffered a lot. PPP will be more comfortable in forming a coalition with PML-N, ANP and maybe with pro-Musharraf MOM in Sindh. Coming to power will be a new challenge for PPP and its allies. This party will have to resolve the issue of imbalance between the powers of the president and the prime minister in a parliamentary democracy. If this is not resolved, it may create more political instability, and the process of change started on February 18th may not be completed positively.

A hung parliament may not bring a positive change in Pakistan quickly. Only a parliament having clear majority for some party can change the fate of Pakistan. Only a strong parliament can promote the independence of The judiciary and freedom of the media. Democracy cannot flourish without an independent judiciary and free media. True democracy is the only way to save Pakistan today. Voters can do that by coming out in big numbers on election day. The voter's turnout in 2002 election was 41 percent. If there is a turnout of 60 percent in election 2008 then Pakistan will definitely move fast on the path of change.

Some anti-change forces will try to force voters to stay at home.

They may create a law and order situation and spread terror on election day. Pro-change forces have to break the fear of terror and must encourage voters to come out on election day. Febraury 18th will be a real day of war against terror. It will also be the last chance for true democracy in Pakistan. Pakistanis must defeat terror and tyranny by votepower and will-power on that day. They have to save democracy, and also save Pakistan, on February 18th.

Hamid Mir is a freelance contributor to The Daily

On markets and prices

This rise in price has obviously caused immense suffering to low and middle income groups. In rural areas, the problem is compounded by the fact that the demand for agricultural labour has decreased, so agricultural wage rates are much lower. The loss of the winter crop or aman has coincided with the traditional lean season, explaining the sharp reduction in the demand for agricultural labour. This is compounded by the fact that farmers are reducing the acreage for different crops for the next season, being unable to meet the costs of production due to a fall in farm incomes. The agricultural labourers are, therefore, one of the most vulnerable groups in the present crisis, facing both reduced incomes and rising food prices. This hardship is reflected in the fact that migration to cities in search of food and jobs is increasing.

NASREEN KHUNDKER

ANGLADESH has been experiencing spiraling and unprecedented food prices for quite some time now. This has led to much speculation as to the cause of this food price inflation and ways to control it. This short note is written on the premise that an understanding of the market mechanism is essential for taking appropriate measures to control food prices. Otherwise, ad-hoc interventions can actually make the situation

worse. First, let's reflect on the reasons for the galloping increase in prices. The following table shows that food prices have been rising in all countries of South Asia in the current decade. So the Bangladesh case is consistent with the pattern in other countries of the region. For Bangladesh, however, the trend has been made worse in 2007 by output losses associated with the two floods and the devastating cyclone Sidr. The latter, in particular, destroyed much of the

aman crop. So, the increase in price is primarily because of shortage in supply, due to both a cutback in domestic production and inability

to import sufficient quantities of food grains in anticipation of the shortfall in domestic production. It is also noticeable from the table that food prices have been rising

Economic Indicators: Monthly Update, January 2008 for 2007 data for Bangladesh.

* CPI denotes the Consumer Price Index and measures the

Country	Annual%	1990	1995	2000	2002	2003	2004	2005	2006	2007
	Change	. 0					2001	2000	2000	2007
Afghanistan	CPI						13.3	5.9	7.2	
	Food price Index						11.9	4	4.7	
Bangladesh	CPI	3.9	8.9	2.8	2.8	4.4	5.8	6.5	7.2	7.2
	Food price Index	2.5	9.3	2.6	1.6	3.5	6.9	7.9	7.7	8.11
Bhutan	CPI	10	9.5	4	2.5	2.6	4.4	5.1	5	0.11
	Food price Index							0.1	,	
India	CPI	9	10.2	4	4.3	3.8	3.8	4.2	4.2	
	Food price Index	8.8	11.7	1.8	2.5	3.5	2.8	3.3	7.2	
Maldives	CPI	8.6	5.5	-1.2	.9	-2.9	6.4	3.3	3.6	
	Food price Index							0.0	5.0	
Nepal	CPI	9.7	7.7	3.4	2.9	4.6	4	4.5	8	
	Food price Index	10.9	7.4	0.4	3.7	4.4	3.3	4.0	7.8	
Pakistan	CPI	6	1	3.6	3.5	3.1	4.6	9.3	7.9	
	Food price Index	4.5	16.5	2.2	2.2	2.9	6	12.5	6.9	
Sri Lanka	CPI	21.5	7.7	6.2	10.2	2.6	7.9	10.6	9.6	
	Food price Index	23.3	6.9	45	14.5	0	1.5	10.0	5.0	

in most countries of the region, at a much faster rate than the general inflation rate measured by the CPI. Thus, demand pressure due to faster economic growth since the '90s cannot account for the

galloping food prices. Source: Asian Development Bank, Key Indicators 2007. Bangladesh Bank, Major

general rate of inflation.

This rise in price has obviously caused immense suffering to low and middle income groups. In rural areas, the problem is compounded by the fact that the demand for agricultural labour has decreased, so agricultural wage rates are much lower. The loss of the winter crop or aman has

6.8

be attributed to structural adjust-

ment policies, i.e. a series of mea-

sures which have affected farm

other areas of state intervention,

'90s and in the current decade, can profitability, such as withdrawal of subsidies on inputs, increase in oil prices affecting irrigation and transport costs, and cut-backs in notably extension advice and

supply of seeds. This has meant less domestic production in most countries, and reduced availabilown, more permanent structures. ity of food from exporting coun-Attacking these very small tries due to reduced surpluses. Consumers, on the other hand, have suffered due to the fact that pro-market policies have meant that the public food distribution

market and at market prices. As a long-term policy, therefore, one needs to re-think this entire strategy of food production and distribution, which cannot be left to the vagaries of the market. Agriculture needs to be subsidised to ensure farm profitability, and a public food distribution system has to be put back in place to protect the interests of low income consumers, i.e. a system of rationing for particular groups at con-

system has been dismantled in

most countries. Food, therefore,

has to be acquired through the

trolled prices. In the short term, however, the suffering of the people has to be reduced through a two-pronged attack. Thus, the government has to ensure that there is sufficient income in the hands of the rural poor. The best way to achieve this is through public works programs, i.e. building and maintenance of rural roads, culverts, bridges, schools, etc. Thus, programs like VGF targeted at destitute women cannot alone address the problem in this crisis situation.

At the same time, the government should stop threatening the livelihoods of the poor. Most of the poor in rural and urban areas are not part of what is known as the formal economy. They earn their living through petty trade and small-scale production, as vendors, hawkers and owners of small businesses and manufacturing and repair units. These are usually located in make-shift premises, e.g. roadsides, as these people cannot afford to rent, or do not

businesses for the sake of ensuring discipline or compliance with the law leaves the poor in a precarious situation. It also fails to recognise the importance of the "informal" economy, which caters to the need of poorer consumers and also serves as a major retail outlet for small producers and small farmers. This part of the economy is already outside the system of government incentives and benefits, while traders and producers face various forms of discrimination. Threatening their existence even further is extremely damaging for the economy and for those who earn their livelihoods in this

The next important strategy of

the government is to keep prices stable, or help to bring them down. It is understood that interventions in the market are called for. However, one needs to distinguish between positive and negative intervention. Open market sales are, for example, positive interventions, helping to bring down prices, provided there are sufficient stocks in the hands of the government. If the government imports food grains directly or through a specialised agency such as the TCB, this is again a positive intervention, since it may help break importers' cartels which can drive prices up by restricting imports. Another way of making such cartels or syndicates less effective would be to issue licenses to smaller importers of food grains or essential commodities such as cooking oil or

milk powder. been engaging in negative inter-

ventions, despite the advice of economists to the contrary. These are often based on wrong perceptions about how a market system works, and should be avoided at all costs. Monitoring and policing of prices is clearly a negative intervention, creating panic amongst

The same goes for the action against hoarders. It is true that some speculative hoarding is common in the market, driving prices up further, but hoarding is rarely the root cause of increase in prices. The main cause is shortage. It should also be understood that wholesalers often maintain stocks, which helps to ensure a constant supply to the market. This should not be considered as hoarding. It is misguided to take actions or measures based on such wrong perceptions.

The fact that such negative interventions are damaging is obvious from newspaper reports. A recent report tells us that rice was being sent to Dhaka in a panic move by wholesalers, fearing raids by law enforcing agencies or the joint forces. This is bound to create shortages in rural areas in the near future, and will hurt poorer rural consumers. In any case, the market has a tendency to serve those who can pay higher prices, mostly in urban areas. The effort should be to counteract this, and not make things worse.

The general perception of consumers (interviewed on television) is also that prices are being kept artificially high through manipulation by traders, because they see enough goods in stores, and no shortages. However, the current stock does not tell us about the future shortage, and Newspaper reports however traders are in a much better posishow that the government has tion to know this and will, thus, raise prices accordingly. These are,

therefore, normal market signals, which should be taken into account in determining overall food availability and import requirements.

The other complaint which has been commonly expressed is against middlemen, the "farias" and "beparis." The fact that it is simply a prejudice has been realised by the BDR, entrusted with the job of bringing down prices, soon enough. They have come up with statements to the effect that these categories of middlemen are poor people and not that powerful. It is true that the market structure in many developing countries is such that there are many stages from the farm to the final consumer. Farmers, therefore, often do not get a "fair" price, the profits being shared by traders at differ-

On the other hand, these traders serve an important purpose. Without them it would not be possible for farmers or other producers and importers to directly market their products. Alternative supply chains can be designed, with a greater stake for producers and farmers, but this cannot be done in an ad-hoc manner. Simply harassing "farias" and "beparis" will disrupt the supply chain and lead to shortages in the market. It should also be recognised that the market is much more integrated these days, with the revolution in communications brought about by mobile

The market mechanism is, thus, complex, and policies should be rational, understanding fully this market mechanism. Economic policies cannot be based on common perceptions.

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