

The new rise in food prices Steps need to be taken to ease pressure on consumers

PRICES of essential commodities, much to our discomfort, are on the rise again. A rather convenient and plausible explanation is being offered now for such a development. The recent rise in the prices of fuel, say traders, have led to this new enhancement in prices. One cannot quite dismiss such explanations, for these price rises are inextricably linked with the costs involved in transportation of food items among the different regions of the country. At the same time, though, there is the good question of how a section of traders may actually be taking advantage of the fuel price rises to augment their income by sinking their hands deep into consumers' pockets.

We have consistently argued, and over the months, that mechanisms must be developed to enable the market to function in a rational manner. Market monitoring of prices should by now have been in place. What we have experienced, though, in the form of security forces raiding shops to check prices is something that a market economy does not support. Fear may work for a while, at least as long as the security men are around. But once they leave, things are back to square one. And that precisely is what has happened in the past. Which is why we think that purposeful, well thought out measures must now be undertaken to ensure a couple of things. In the first place, the role of the middlemen along the route between collecting produce and depositing it at its final destination needs to be drastically reduced. It has generally been observed that traders have to cough up money at different points and eventually end up hiking prices to an exorbitant level. In the second place, direct accessibility to markets must be ensured for producers, a step that will significantly reduce the risk of prices going through the roof at the point where the goods are sold.

The new rise in prices quite naturally raises a few crucial questions, one being that despite a bumper rice production this year rice has continued to be expensive. No rational explanation has been offered here, though there is a constant emphasis on the fact that food prices have gone up globally. The other reality is that the purchasing power of the Bangladeshi consumer has not simultaneously gone up. There is worse news. The BDR outlets that sold food items have shut down. In such grave conditions, it makes sense to suggest that introducing a ration card system to help the middle and poor classes buy food at subsidised prices be considered. In the longer term, a concerted strategy must be devised toward creating a food bank for the population through a systematic setting up of buffer stocks. Clearly, there are all the options to be worked on where food is concerned.

Erosion of land by rivers

Take immediate measures to protect the riverbanks

WE notice with a great deal of concern that erosion of rivers has become a regular phenomenon in the country with all its devastating consequences. On a regular basis rivers are devouring huge chunks of cultivable land, forests and homesteads, thereby pushing a large number of people into poverty. At the same time, erosion of rivers is contributing to drastic changes in topography in the border areas much to our disadvantage.

One report from Sylhet describes how the rivers Surma and Kushiara have changed directions a number of times because of severe erosion, which caused over 3000 acres of Bangladesh land to get merged with Indian land. Reportedly, this erosion could have been avoided if the relevant Bangladeshi authorities had taken measures early on, like creating embankment along the two rivers for a length of nine kilometers. In this connection we fail to understand why the Border River Protection and Development Project could not get the approval of the government in the last three years. While we have been waiting for the approval and the required funds, the authorities on the other side of the border have been making their riverbanks well protected against such erosion.

It would be stating the obvious that we have shortage of land and therefore cannot lose even an inch of it. But, over the last 37 years, we have lost sizeable portions of land mostly as a result of river erosion. The common knowledge is that proper river management and effective preventive measures are key to saving both rivers, riverbanks and ultimately precious land and other properties. We are aware of pragmatic suggestions and recommendations generating from various high profile seminars and workshops held in the past on the subject. But how much of it has been put into use to protect our land remains a big question.

We strongly believe protecting our territorial features is one vital responsibility of the government. We therefore hope the present government will instruct the relevant authorities to be proactive to sanction everything necessary to construct embankments on our side of the rivers and also open dialogue with its Indian counterpart to settle the unresolved issues concerning the border rivers.

Answer to the arithmetic of an adviser



ABDUL BAYES

HERE is a gulf of difference between the two sciences, physics and economics. The former is called pure science and deemed to be deterministic, while the latter is considered as probabilistic to be true under an umbrella of assumptions.

It is not, therefore, surprising that a physicist might see a rise in rice prices at retail level reflected in a concomitant rise in returns for producers operating in remote rural areas. Adviser C.S. Karim's point that the benefits of the hike in rice prices have gone to farmers, hence, they have positively affected rural livelihoods through multiplier effects, could hold true under the strict assumption that nothing stands between the farm and the fork. Unfortunately, that may not be the case.

The missing margin

We fully agree with the hon'ble adviser's point that high prices of farm products, especially of rice, are a boon for boosting agricultural output. In fact, unless producers get a remunerative return from the hard work, output shortage could cause a crisis in the market. And that's why we welcomed the recent rise in the procurement price of paddy with a view to extracting more output from growers. But we also should keep in mind that high prices of rice may not always bene-

BENEATH THE SURFACE

On my JU campus, it means taking away Tk. 1,350 from rickshaw puller Ahammad Ali's monthly budget of Tk. 4,500. His deteriorating health condition due to deteriorating nutrition may not allow him to earn Tk. 4,500 next month, thus, making him poorer. This can be termed as price-led poverty trap. That's why food prices matter most for the poor.

fit farmers, certainly not all categories of farmers. The outcome depends on the demand and supply response to price, besides other factors.

Apparently, there are two flaws in the argument that higher price translates into higher income for farmers. First, the difference between farm-gate price and retail price -- called marketing margin -- may be pocketed by the market intermediaries -- traders and hoarders, transport operators, etc. So, high prices may be due to high marketing margin but not due to increased margins for farmers. Second, only those farmers benefit from high prices that have positive net marketable surplus, as opposed to those who sell in distress but buy back more later to meet family needs. We, therefore, need to look at the behaviour of marketable surplus and not of marketed surplus.

Rural rice matrix

Our recently published book, Gramer Manush Gramen Arthonity -- Jibon Jibiker Porjalochona (Abdul Bayes and Mahabub Hossain, 2007), we have presented information about marketable surplus of rice in rural areas. Although related to 2003-04, we reckon that the results would be very close today.

First, let us talk about household level consumption of rice. For all households, simple arithmetic

average shows consumption of 1.5 tons of paddy per household per year. For 25 million rural households, total consumption of rice comes to 37.5 million tons of paddy or 25 million tons of milled rice. Second, about one-fourth of rural households have only homestead land, but some of them cultivate paddy by renting in land from others. Their net average production (after paying rent of one-third) is 0.42 tons per household per year (7% of total rice output) against a consumption of 1.33 tons. The deficit of 68% implies that these households buy about two-thirds of their rice requirements from the market.

Another poor group (owning up to 1.5 bigha) constitutes about 28% of rural households and has a deficit of 57%. The households that own 1.5 to three bighas of land have a deficit of 20%. By and large, we can see that about two-thirds of rural households are deficit households, that have to rely on market for meeting, on average, roughly half of their rice requirement.

As compared to these three deficit groups, the top group (owning 15 bighas and above) constitutes only about 5% of rural households, with a surplus of 66%. This means that this group produces 66% more than its consumption needs. The next group, owning 7 to 15 bighas and comprising only about one-tenth of rural households, has surplus of 42%, and

those that have between 3 to 7 bighas (constituting one-fifth of rural households) have 18% surplus. Thus, one-thirds of rural households are net surplus farmers with an average surplus of 40% and above.

The distribution of households as per farm size (as against land ownership group) provides no major deviation from the picture depicted above. Households with cultivated holding (owned plus rented in) of up to 3 bighas constitute about 70% of all farm households (farm households are 60 percent of all rural households) and face a deficit of 65%. The rest are surplus farmers.

From the poor to the rich

Thus, there is no denying the fact that high rice prices hurt the poor and deficit households (about 70%) but reward 30% of households fortunate to have net marketable surplus of paddy. If Tk. 10, 000 crores have been "robbed" due to high rice prices, and were siphoned to the rural areas, needless to say, the transfer had been from the rural and urban poor to the better-off sections in rural areas. The best way to maintain a balance between the interests of both producers and consumers would be to subsidise the surplus growers in terms of input pricing as well as participating in the output markets by procuring rice at high prices and selling it at subsidised prices to the

rural and urban poor.

The more the price rises, the larger would be the gain to the rich and the pain to the poor. However, one should not be oblivious of the fact that increase in agricultural and non-agricultural wages could compensate for the rise in rice prices. Indeed, that is what has happened in rural areas over the last year. But wages are mostly seasonal in nature while buying rice from the market is a year-round reality.

Policy prescriptions

What should be our short- and medium-term policies? More often than not, we have tried to argue that scientific (but cost-effective) seed management practice and use of good quality seeds would raise farm output by at least 7 percent. It implies that Bangladesh could produce an additional 20 lakh tons of rice, which would ensure a demand-supply balance in the domestic market without the need to knock at international doors. Unfortunately, however, we are not still aware of any efforts on the part of the government to propagate the promising note on a large scale.

The government should support training of women on good seed management practices and rigorously campaign on the use of healthy, good quality seeds. Second, the yield gap between research stations and farms is still high. Narrowing the gap could fetch another 10%, or about 30 lakh tons of rice. Third, the ongoing drive towards research and extension in the crop sector should bring some dividends in the near future. Use of hybrid seeds, cost effective irrigation system, and indigenous fertiliser may go a long way in raising rice output by a respectable margin. With all these measures we can buy another 15 years time to meet our future food needs.

Available empirical evidence shows that a substantial amount of the costs could be reduced through judicious uses of fertilisers with leaf colour charts, change in crop establishment practices with drum seeders, etc. By and large, improvement in management should allow us to have 10-15 lakh tons more rice per year. But that would require commitment from the government. And the last (but not the least), a campaign to consume less rice and substitute it with other crops is an important aspect in fraying the fire.

Last word: Price and poverty trap

Admittedly, the nutrition of the poor is at risk when they are not shielded from the price rises. Higher food prices force poor people to limit their food consumption and to shift to even less balanced diets, with harmful effects in the short and long run. To replace the director general of IFPRI Joachim von Braun's remarks: "At the household level, the poor spend about 50 to 60% of their overall budget on food. For a five-person household living on \$1 per person per day, a 50% increase in food prices removes up to \$1.50 from their budget, and growing energy costs also add to their adjustment burden."

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The drug menace



A.N.M. NURUL HAQUE

THE spending of Tk 170,000,000,000 is surely an amount astounding enough to create a sense of serenity in one's mind when it is spent for national development. But this spending has come as a shocking revelation for the nation, as a government body informed us that the drug addicts in the country spend Tk 17,000 crore annually on drugs.

Yes, the director general of the Department of Narcotics Control (DNC), while observing the international day against drug abuse and the illegal drug trade on June 26, informed the journalists that, 46 lakh drug addicts in the country spend at least Tk 46 crore every day on drugs. Calculating on these figures the annual expenditure on drug stands at Tk 17,000 crore, which is nearly three percent of our GDP and 17 percent of the total outlay of our national budget

for the fiscal year 2008-09.

Drugs such as yaba, heroin, marijuana, and cocaine have been sucking a large segment of our young populace into their fatal grip. The number of young drug addicts is on an alarming increase in and around the capital as well as in other places in the country as the criminals run the illicit drug trade under the very nose of law enforcers. This illicit trade has flourished and more than one lakh people are involved in it in the capital alone.

Though the government lacks specific data on the number of drug addicts in the country, Family Health International, a private agency which carried out a survey in 2004, found more than 46 lakh drug addicts in the country. What makes such statistics more startling is that 91 percent of these addicts are the youth.

According to the experts, drugs

like yaba, heroin, marijuana, and cocaine are smuggled into Bangladesh from Myanmar, Vietnam, Laos, and Thailand. Thai government launched massive drive against drug in 2003 and killed more than 3,000 people who were traders and users of the drug. After the crackdown in Thailand, the traders have chosen Bangladesh as an alternative destination for marketing of these deadly drugs.

The concerned authority needs to undertake youth regeneration programs with a view to steer these addicted youngsters back into a normal life through the corrective course of actions. They are really in need of some well-thought-out programs that will shape-up their creative urges and help them to develop their holistic mental outlook.

Bangladesh is now facing an inextricable invasion of destruc-

tive drugs like yaba, heroin, marijuana, and cocaine. The teenagers from both the affluent and poor families are getting addicted to these drugs at an alarming rate. Worse still, these youngsters are veering towards increasing level of crimes and violence.

Drug addiction and criminality were earlier confined to the youths from poor and underprivileged backgrounds. Now we have the reverse scenario. Affluence gained quickly is often dotted with faults that comeback to haunt us, is an old saying that we find today among the upper class families, where the children are often turning to be addicts and criminals.

Crime and drug abuse often go hand in hand affecting the balance of the society. The society is likely to run off-balance if we could not prevent the prevalence of drugs. It is practically impossi-

ble to accomplish this uphill task through sporadic efforts. The DNC which is running with only 914 staffs is quite incapable to contain the spread of drug abuse. The law enforcers must gear up their actions to protect the society from the dire consequence of drug abuse.

Drug abuse and trafficking is a major global problem. But the problem has not been recognised by many countries in its right perspective. Obviously the drug menace cannot be contained by Bangladesh's effort alone. It requires a regional approach. Therefore, the countries like Bangladesh, Myanmar, Thailand, India, Pakistan, and Afghanistan need to join hands to fight against the drug menace.

According to a recent study by the UN, at least 114 countries across the world are now experiencing HIV/AIDS transmission among the injecting drug users (IDUs). The countries include China (3.5 million IDUs), Indonesia (one million), India (500,000), Myanmar (250,000), Thailand (250,000), and Pakistan (180,000) and are facing an enormous threat of spreading HIV/AIDS virus among the IDUs which accounts for more than 60 percent of all HIV/AIDS infections.

Bangladesh with more than 25,000 IDUs is also exposed to the HIV/AIDS transmission among the

IDUs. A recent ICDDRDB study revealed that about 10.5 percent IDUs in an area in the capital have been afflicted with the HIV virus. We are horrified to note that huge numbers of individuals, who are already into drug abuse, are likely to be afflicted with HIV/AIDS virus because of sharing of needles for injecting drugs.

The drug menace is taking a heavy toll on the whole society and destabilising many families. How wretchedly drug addiction destabilises a family can be perceived from a recent incident of the killing of an addicted son by his mother. The nation must be rid of the curse of drug abuse which is corroding all our social values and affecting national development.

The parents, teachers, and social reformers must not avoid their responsibility to start a social movement to raise public awareness against drug addiction. Public awareness is the most effective weapon to fight against this social malaise. Pressure should also be created on the government to improve the logistics when the addicts want to return to normal life. They will be end-up with wrecked lives if we fail to help them to find way back again.

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Have you ever heard a cake crumble?



M.J. AKBAR

DR. Singh has worn a brilliant camouflage. He has smiled his way through four years. He positioned himself above politics, which won him much empathy among the middle class. But politics was always lurking below him. Perhaps he started to believe that Karat too was purchasable.

In the second last week of June, after nearly fifty months of office, Congress Prime Minister Manmohan Singh offered Congress President Sonia Gandhi one of two options. She could either support the Singh-George

BYLINE

On the day after the non-meeting between the government and the Left, Frank Stewart of the New York Times had a good opening bon mot: "If you let a smile be your umbrella, your rear end will get soaking wet." For four years Dr. Manmohan Singh has let his smile be his umbrella, and the monsoons have arrived.

Bush, nuclear partnership and shoot herself in the Left foot, or she could abandon the Marxists who had carried the government on their uneven shoulders and shoot herself in the Right foot. If the bullet went Left, the partnership would fracture, hobbling the Congress severely in its effort to remain the core of a future non-BJP alliance. If the bullet went Right, the credibility of the Manmohan Singh government, already in hospital, would be put permanently to sleep.

The root of the dilemma is a paradox. Dr. Manmohan Singh has run a Right-wing government with Left-wing support. The prime minister is Right, if not right, by instinct and conviction. The

Marxists knew this, but calculated that if this was the price to be paid to keep the BJP out, then so be it. Every price is a trade-off between cost and value. The Left offered Dr. Manmohan Singh a credit card, but every credit card has an upper limit, unless you are a fool ready to be parted with all your money. The upper limit was reached with the strategic, technological and economic partnership that the prime minister arranged with the United States, a pact that would keep India in the American camp for the foreseeable future.

Dr. Manmohan Singh came to power on the strength of the common man, the aam aadmi. He has spent four years courting just one khaas aadmi, George Bush. It was

his bad luck, I presume, that the alliance should have been with a man who is now the most unpopular president in the history of the United States since polling began in 1928. But one must laud the power of true love: nothing could deter Dr. Manmohan Singh from investing all his assets in one man, Bush.

In actual fact, Mrs. Sonia Gandhi had little real choice. Allies like the DMK, desperate for a few extra months in power, largely so that they could make yet more money, urged her to save the government. You can only save what exists, and Dr. Manmohan Singh's government no longer exists. The joy has gone out of this administration, as is evident from

every photograph of any cabinet minister; they look punctured and limp.

If that statement surprises you, it is because we associate a break with a sharp sound, and there has been no such crackle from Delhi. But only something hard breaks with a snap. Think instead of a cake. Have you ever heard a cake crumble? Disintegration can also be soundless.

The image of a cake is doubly appropriate because this government has lived on the principle of a cake won in a lottery. Everyone has been digging into the national cake with a diligence and greed that will find their place in the annals of our time, while the prime minister has watched helplessly, unable and unwilling to control the corruption that is rife.

Dr. Manmohan Singh has worn a brilliant camouflage. He has smiled his way through four years. He positioned himself above politics, which won him much empathy among the urban middle class, which has grown tired of the cynicism that imbues contempo-

rary politics. But politics was always lurking below him, in its many different manifestations. Perhaps he began to believe that CPI(M) general secretary Prakash Karat too was purchasable, and all it needed was successful negotiation to complete the deal. He forgot the upper limit of the Marxist credit card, beyond which an individual or an institution becomes a pauper. The distance between wealth and the poor-house is often no more than a single mistake.

The final decision on the direction of the bullet was not in Dr. Manmohan Singh's hands, because he has always been in office, rather than in power. But his assessment was correct when he told Mrs. Sonia Gandhi on the morning of 18 June that he could not continue as prime minister if the nuclear deal was aborted. He is identified with a single cause, central to his prime ministership, both domestically and internationally. In India, he cannot go to the electorate with nothing to say except that he had survived by

pawning his convictions. In the more immediate term, he surely wondered how he was going to face parliament during the Monsoon Session. Between a deflated deal and inflated prices, the enlarged opposition (now including the Left) will expose the government's impotence each day on national television. A majority in parliament is more than a technical necessity; it must be a vocal fact, or a government can get drowned. One of the advantages of an early election would be that the Singh government would not have to face a parliament session during which it could get repeatedly humiliated.

Out of India, the prime minister would be a faceless nonentity at the G-8 Summit in Japan between 7 and 9 July, the last opportunity to push through a deal with the personal intervention of the Singh-Bush partnership. The official deadline for the compact is 20 January 2009, the day Bush demits office and hands over power, hopefully, to Barack Obama. The practical deadline is 9

July 2008. To have any hope of success, Dr. Manmohan Singh must reach Japan with a formal decision in his files. Anything else would fetch him a few wan smiles, and an occasional hullo while the rest continue with discussions of substance between themselves.

I am an avid reader of bridge columns, largely because the mathematics of games of chance can be engrossing. But there is a second reason to check out some of the popular American bridge columns. They tend to begin with a wisecrack, which may or may not be wise, but is certainly a crack. On the day after the non-meeting between the government and the Left, Frank Stewart of the New York Times had a good opening bon mot: "If you let a smile be your umbrella, your rear end will get soaking wet."

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