

## Using advanced crop technology to increase food output

*Need for care to make the right choice*

**A**GAINST the backdrop of rising number of consumers and shrinking per capita acreage of land for crop production, the issue of food security has come to the fore afresh. Experts on agriculture, government representatives and journalists at an international workshop held in the Thai capital Bangkok were at one about having a rethink on the existing agricultural practice that depends for food production purely on the amount of arable land we possess.

What is of greater concern is the uncertainties in the seasonal cycles with delayed monsoons, droughts and downpours that have forced a major grain exporting country like India to become a grain importer.

These overriding factors militating against the global food security coupled with the fact that world will have to produce an additional amount of eight to 10 million metric tonnes (MT) of food grain per year to feed the extra 2.20,000 mouths claiming their share of food every day, it is time we had a fresh look at the solutions being provided by science in the field of crop research. Of especial interest are the genetically engineered crop seeds, which promise far greater yield per acre as well as better ability to fight and grow in extreme weather conditions.

Though Bangladesh is still on the safe side with its one million ton stock of rice, we can hardly afford complacency given its ever-swelling population coupled with insecurity arising out of vagaries of nature. Especially, the experience of recent past, when even some leading rice exporting neighbours gave us the cold shoulder, should be lesson enough for us to fend for ourselves. But with dwindling size of per head acreage of arable land, we have little option but to multiply our crop production making use of the latest advancement in crop and seed technology available.

With this end in view, our own scientists and more particularly the policymakers in the government need to draw on the experience of developing countries that are already using such advanced scientific knowledge in crop and seed production. Thailand, which has lifted its earlier imposed moratorium on large scale trials of genetically modified rice and is now allowing breeders to conduct experiments on crops with the help of biotechnology, can provide us with an example to learn from.

In the circumstances, Bangladesh, too, cannot lag behind in taking advantage of the fruits of advanced research to reduce our dependency on the whims of nature to achieve food security. Having said that we would still have to be careful and develop the knowledge and skill to make the correct choice from among the welter of seed and crop technology options to be on offer.

## Establishing domestic workers' rights

*We need to work for a legal framework*

**T**HE participants in a dialogue held in the city on Tuesday appealed to the government to bring domestic workers within the purview of the Labour Law, 2006. The points raised by them merit consideration, given the present wholly informal status of domestic workers who miss out on protection of laid down service rules.

This big service sector in terms of the huge contribution they make, both directly and indirectly to the well-being of households, and to the society and the economy should be formally recognised for what their intrinsic worth is. Traditionally, most of them are women and girls from poor families having no other means of subsistence. They work 12 to 14 hours a day for a mere pittance going through rigours of daily grind without a weekly holiday and can be sacked anytime without any severance benefit. In short, there are no rules and regulations that guide a domestic worker's service and in some cases they fall victim to inhuman behaviour and even violence.

So, there is every reason for the conscientious and well meaning to feel strongly the need for a change that will give domestic workers a legal status, although violence against them can be dealt with under the law. However, urban households are a very big source of employment for poor girls and women who literally comprise 80 percent of domestic workers in the city. Given this fact, the focus should not be on the stringency of law, barring, of course, in case of violence inflicted on them, rather it should be on putting a human face to the terms and conditions of their employment based on a balanced understanding of the realities on the ground. Changes should take place on a graduated scale rather than drastically.

The way to go about it would be to first survey the situation and create a database on the domestic workers covering all aspects of their occupation and existence. Then comes the question of monitoring by the social welfare department of the government, local communities and legal aid and civic rights groups to establish common denominators of behavioural, patterns of employers and the employees to base a legal framework on.

Finally, awareness building among people is the most effective way to bring about a real change in the situation. The employers often show a poor understanding of very basic things about working conditions. Counselling and mediation mechanisms have to be developed to ensure that domestics can easily ventilate their grievances. It is not only an issue of guaranteeing their professional rights but also a matter of according dignity to labour which is the propellant of societal progress.

## Terrorism, non-state actors and South Asia

There is an urgent need to build up a dynamic regional framework to deal with the anti-state activities of the NSA which, "include but are not confined to acts of terror within and across the national frontiers of South Asian countries."

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**I**T is as if by coincidence that perhaps the most topical issue at this time -- terrorism -- was the common focal theme of several seminars both in Bangladesh and India very recently. That countering terrorism, and a corollary issue of small arms, was the subject of seminars and colloquium involving government agencies and think tanks at the regional level, is ample evidence of the enormous importance of the subject to Bangladesh as well as South Asia. The emphasis was one and the same -- the imperative of cooperation to combat terrorism at the regional level.

And it just so happened that the prospect of a common regional approach to combat terrorism was one of the sub-themes of a seminar on "South Asia 2020: Moving towards Cooperation or Conflict" organised by the IDSA in New Delhi last week.

While one is not yet fully informed of the details of the deliberations of the regional workshop held in Dhaka on "Effectively Countering Terrorism" held in collaboration with the UN Counterterrorism Committee

and some of our development partners, the very quintessential aspect of the matter was touched upon by the home minister and other speakers at the opening session which was, devising means to put up a joint effort to combat the menace of terrorism in South Asia.

No region in recent times has been as badly affected by terrorism as South Asia. Each one of the countries of the region has had to deal or is still grappling with it in some form or the other.

The very recent attacks in Pakistan, including on the AHQ, one of the most highly secured establishments, and the terrorist attacks in Bombay barely a year ago, and the experience of Bangladesh in Aug 2004 and 2005, should leave no one in doubt that terrorism has established its footprints globally; certainly it has acquired a regional dimension.

The so-called US war on terror has brought the lone superpower at the doorsteps of the region. It means that the countries of the region will not only have to deal with indigenous terror at home, they will have to also deal with the inevitable fallout of the war, like it has had to the fallout of the

anti-Soviet war in Afghanistan, on South Asia.

The approach of the South Asian countries on the issue has been well reflected in the many instruments and protocols formulated under the aegis of Saarc dealing with terrorism which predate 9/11. The most recent initiative in this regard was taken at the 31st Session of the Saarc Council of Ministers in February 2009. Regrettably, the Saarc countries have not been able to utilise the provisions of the relevant protocols in spite of the compelling reasons that command to the contrary. And this begs the question.

Pakistan is in such a dire state that observers are wondering whether it is at the throes of breakup, and no one can exult at such a prospect. Some Pakistani scholars opine that a disintegration of the country would not mean its breakup but emergence of a Somalia like situation where the regions of what is now Pakistan would be controlled by warlords and their bands.

And notice what the terrorists are saying. Once they are done with Pakistan it will be time for them to train their energy and their guns on others in the region. That being so can we afford the luxury of inaction?

There is growing networking of terrorists. Recent arrests of Indian militants in Bangladesh have revealed their transnational links. Alleged links have also been revealed by Ulfat terrorists recently captured in Dhaka admitting their links to some religious extremist groups in Bangladesh. An

equally significant link, established almost a decade ago, is that of the Maoists in India led by the Maoist Communist Centre and involving leftists groups in India, Bangladesh, Nepal and Sri Lanka.

And experts opine that given the combination of political fragility, development challenges, and violent religious extremism, the threat of terrorism in South Asia is not likely to subside in the immediate future, making the implementation of a long-term, balanced strategy of paramount importance.

To the threat of terrorists has been added the potential damaging capability, to our developments efforts, of armed non-state actors (NSA) in the region. We shall deal with the issue of NSA in greater details subsequently, but for now it is enough to say that there is an urgent need to build up a dynamic regional framework to deal with the anti-state activities of the NSA which, "include but are not confined to acts of terror within and across the national frontiers of South Asian countries."

The US has discovered, much to its embarrassment, that no war, much less a complex issue as terrorism can be conducted alone and in isolation; although the declaration of war can be made unilaterally it needs the joint effort of the stakeholders to pursue it, and even then there is no guarantee of success. The South Asian countries would do well to recognise this reality.

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## Are remittances inflationary?

More recent empirical studies, however, lends credence to the realisation that remittances contribute to economic growth and development by facilitating RRHs to surmount liquidity constraints and finance productive investments.

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**A**FTER the CPD economist Fahmida Khatun concluded her panel presentation in the Bangladesh Brand Forum at the development conference at Harvard on October 9, there was a flurry of feedbacks and exchanges. Being the last to raise a hand, I had very little time to present my comments on remittance vis-à-vis inflation in response to both Fahmida and City Bank's Mamun Rashid.

The concerns about the potential adverse consequences of continually increasing remittances -- in addition to inflationary pressure -- are certainly worrisome. Obviously, given the time constraints, all I could do is assure the participants of an article on the issues raised.

Remittances are a catalyst in Bangladesh's poverty alleviation and economic growth. Nearly 6 million people work abroad, sending home over \$8 billion a year -- second only to the \$9 billion earned by ready-made garment exports.

A number of studies argue that émigré workers' remittances -- in addition to exerting inflationary pressure -- tend to discourage domestic labour supply or work incentives by remittance receiving households (RRH) and promote dependency on remittance inflows for current consumption. Besides, against these forex inflows, there are no offsetting domestic output production. More recent empirical studies, however, lends credence to the realisation that remittances contribute to economic growth and development by facilitating RRHs to surmount liquidity constraints and finance productive investments.

However, the fear of remittance driven

inflation in Bangladesh and elsewhere is genuine and some recent newspaper articles have also heightened that concern (Taslim, Oct. 11, DS).

If 100% of the forex remittances are monetised in domestic currency while no active sterilisation by Bangladesh Bank's (BB) reverse repos operations are in effect, and the recipients squander the entire remittances in consumption, an accelerated inflation will be unavoidable. In that vein, changes in the weekly or monthly money supply will = 4.65 X the change in monetary base (4.67 is the average of 7 quarter M2 money multiplier). In reality, recipients as a group never withdraw the entire remittances in cash; instead they hold a significant amount in interest bearing accounts and assets and draw funds as needed. Funds in these accounts shouldn't be interspersed with traditional savings -- they're funds to spend as needed while earning interest to partly offset inflation risk.

The table displays a steadily decreasing inflation rate from 11.59 % in Q2-2008 to 5.04 % in Q3-2009. Quarterly changes in remittance growth reveal no systematic pattern resonating either with CPI inflation and money growth (with or without lag effects) or the reserve money growth. The money growth over the same period also shows a declining trend with some minor variability indicating BB's well-guarded active sterilisation operations. However, there's a limit to BB's sterilisation activism without risking money and credit crunch and a possible recession.

The tamed inflation may also be credited to global recession driven lower import prices (oil and other inputs), and domestic bumper crops (favourable weather driven higher

productivity of land and labour). Besides, remittances may not be inflationary under certain conditions and may depend on how they're expended by RRHs and what role the recipient's government plays.

Table: Remittance, inflation rate, money growth data

Period	%chang e (Remit)	%chang e (RM)	%chang e (M2)	M2 multi- plier	%chang e (CPI)
Q1FY08		12.88	2.18	4.75	9.60
Q2FY08	7.56	10.22	6.76	4.53	11.59
Q3FY08	27.29	5.77	0.68	5.00	10.06
Q4FY08	-6.82	19.55	7.11	4.58	10.04
Q1FY09	5.39	31.49	7.28	4.46	10.19
Q2FY09	-4.55	17.58	1.90	4.54	6.03
Q3FY09	16.84	26.99	2.33	4.72	5.04

%change = growth rates, Remit= Remittance growth, RM=Reserve money growth, M2 = broad money growth, Multiplier = RM/M2, inflation rate = %change in CPI

Using a theoretical model Christopher Ball et al. (2009) showed that remittances temporarily increase inflation and domestic money supply (to offset increased money demand) under a fixed forex regime but temporarily decrease inflation and leave the money supply unchanged under a flexible regime. Using annual and quarterly data for seven Latin American countries, the study has shown that the two theoretical assertions are empirically borne out.

Since inflation doesn't affect every consumer uniformly, economists prefer to examine if remittances have any effects on relative price variability (RPV) -- one that is more relevant for most households than observed CPI inflation, which reflects average price changes of representative market basket of consumer goods. A March 2009 study by Columbia Professor Ricardo Reis and Princeton Professor Mark Watson suggests that relative price changes (RPC) are much more important for determining what happens to the broad CPI inflation. For example, the recent deflationary phase was

heavily influenced by falling energy prices.

It's not unreasonable to expect the resulting expenditure patterns from remittances to have differential effects in various markets with concomitant implications for RPCs as well. Durand et al (1996) used data for 30 Mexican communities and found that 10% of total remittances received were spent on productive investment, 14% on housing, and a lopsided 76% on consumption. Bear in mind that consumption spending has multiplier effects too. Higher consumption demand leads to expansion of production by firms through capital investment and higher level of employment.

Zarate-Hoyos (2004) used data from the Mexican Income and Expenditure Survey for 1989 to compare the consumption patterns of RRHs with non-RRHs. He found that despite RRHs having lower average expenditures in most spending categories, they divert a relatively higher proportion of spending to equipment and housing purchases, and home improvements. These expenditures, as the author inferred, may have benefited the economy through labour and goods markets across Mexico.

Ulises Balderas (2005), and others, analysed the effects of remittances on the distribution of RPCs in Mexico over the 1980-2005 period. While they found little evidence of any significant impact of remittances on inflation and RPV for the entire sample period, remittances, however, seem to have positively impacted inflation after 1994. Furthermore, they found a positive relationship between inflation and RPV regardless of sample period and model specification.

Since high inflation and RPV involve welfare costs, the Bangladesh government should devise policies to motivate RRHs to channel a significant amount of remittances for productive investments rather than for consumption, like Ecuador and other Latin American countries.

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## Black and white

From stadiums and government buildings to roads and power grids, Chinese involvement has brought real progress to Africa. In the process, China has created jobs for hundreds of thousands of its own citizens, whose employers have profited handsomely.

NAYAN CHANDA

The West is not happy with China's emergence in Africa, but in reality both the sides have benefited.

Inverate traveller Suzuki Tomoda was surprised to be greeted with a cheery 'Ni hao!' in Africa. Not just in South Africa, but in Kenya and Tanzania, people called out to her in Chinese. Never before, she told me, has she been seen as anything but Japanese. Move over Japan, once the 'honourary whites' in South Africa; the Chinese are now the face of rich Asians in the continent. A public demonstration of China's rising power in Africa will be visible this week, when Premier Wen Jiabao arrives in Egypt for the second Africa-China summit.

The gathering will show how far the Middle Kingdom has travelled since the first Chinese contact with Africa six centuries ago.

Aided by Indian navigators from Calicut, the Ming dynasty's Admiral Zheng He led a Chinese fleet to East Africa. Those early contacts brought China rhinoceros horn, ivory and a giraffe (though the giraffe was

actually gifted to the Chinese Emperor by the Sultan of Bengal).

After such Chinese voyages stopped, Arab traders continued to carry African produce and slaves to China. Now, the continent has emerged as an important partner in China's rise to global power, supplying it with oil, timber, copper, bauxite ore, and other precious metals to fuel its gigantic export machine. While some 90 major Chinese companies have invested in mines, construction and manufacturing, 750,000 Chinese workers and businessmen have moved in search of opportunities.

China's emergence in Africa has caused some heartburn in the western world and attracted criticism from human rights groups. China has been accused of taking advantage of the isolation of countries like Sudan (facing sanctions for its genocide in Darfur) and Guinea (whose military junta recently massacred civilians) to sign lucrative business deals. Human rights groups accuse China of violating embargos to sell weapons to Sudan and of coddling Zimbabwe's dictator Robert Mugabe.

Some African opposition politicians and western media charge Beijing of advancing its interests through bribery and corruption.

While some charges may be true, there is no doubt that China's engagement with Africa has brought benefits to the continent, long the object of brutal exploitation and misrule by European colonial powers and West-backed rulers. As Serge Michel and Michel Beuret (authors of a sensationally titled but sober book La Chinafrica: Beijing at the conquest of black continent) note, Africa needs roads, electricity and basic infrastructure and everybody is welcome to help. "yellow, red or white, selfish or altruist". The fact is that the West has been long on lectures on democracy and human rights but short on actual help to the continent.

Despite its rhetoric about brotherhood with the African people, China has been business-like in offering aid or investing in profitable ventures. From stadiums and government buildings to roads and power grids, Chinese involvement has brought real progress to Africa. In the process, China has created jobs for hundreds of thousands of its own citizens, whose employers have profited handsomely.

Many African countries, which lack skilled labour, don't mind that Chinese workers have been laying their asphalted roads or building houses or teaching farming techniques to grow bigger harvests. Others, however, insist that 50 to 70 per

cent of the workforce has to be locally hired. Recently, I met Kenyans who complained that, despite the official ban on foreigners engaging in retail, many Chinese have set up variety stores selling cheap Chinese goods.

Such incidents of unhappiness have not dimmed China's lustre. Next to Asia, Africa is China's second-biggest destination of foreign direct investment: in the first half of this year alone, inbound FDI rose 81 per cent to \$552 million. China is Africa's third-largest trading partner with bilateral trade reaching \$106.8 billion in 2008 -- a 45 per cent rise over the previous year. At the Africa-China summit, China is likely to win kudos by announcing increased grants, credit and business cooperation.

What the meeting will not state is the political bonus that China draws from its African ventures. While South Africa recently denied a visa to the Dalai Lama, African countries have been loyal supporters of China at many international fora -- the floor of the UN, Shanghai Expo, the Olympic Games and human rights commissions.

Admiral Zheng could never have imagined that his exploratory voyage would eventually bring such a rich harvest of soft benefits to the Middle Kingdom.

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