

# Combating the price spiral

**DHIRAJ KUMAR NATH**  
THE price spiral of essential commodities has caused anxiety among the people and an embarrassing situation for the authorities concerned. The present government, during its last tenure (1996-2001), had earned acclaim for its sagacity and efficiency in combating price hike of essentials commodities and keeping it within control. Even during the floods that lasted for a month in 1998, the government was successful in maintaining the price level within the purchasing power of public.

On the other hand, this time, the people felt assured by the government's anti-hoarding and anti-syndicate promises to contain the price level within the reaches of the masses, but the result tells a different story. Thus, the present price escalation from the grower's level to retail outlets generated an image crisis for the government.

Even though this is the peak harvesting period of *aman* paddy, the price of rice has increased by almost 33%, and wheat price by 48% as consequential impact, in comparison with the preceding year.

It might be that the government could not foresee the increase in the prices of rice, wheat, and edible oil in the international market, take adequate steps to procure from the global market in time, and build up domestic stock to face any possible debacle. The price of coarse rice is around Tk.35 per kg and Tk.50 per kg. of aromatic rice, which are too high for the poor and the rich alike.

The government is going to import 7.5 lakhs tons of wheat and 3 lakhs tons of rice from Vietnam. To some critics, the nation is going to pay this high price because of the failure to understand the trend in the international market, domestic requirements, and need of timely procurement to cope with any impending emergency.

Besides, bank loans encouraged some small traders to build up their stock and hoard food items, which should be stopped for the sake of transparency and accountability. The reasons for high price of vegetables in the market should also be checked carefully and addressed diligently.

The national food policy of 2006 prescribes maintenance of a buffer stock of

more than 10 lakh tonnes all the time. It seems that the ministry of food and disaster management was not efficient and prompt enough to study the rising prices in the international market and need for internal procurement.

On the other hand, dealers, hoarders and syndicate members have availed the opportunity to manipulate the market to their advantage. Besides, some traders adulterate food items to profit from the

In this situation, the government should take steps to regain the confidence of the public by intervening in the channel of distribution and strengthening its capacity to monitor the market mechanism. For this purpose, the Trading Corporation of Bangladesh (TCB) should be made more capable of operating in the trade arena, raising its working capital to Tk.500 crores with possible exemption of the bindings of

needed in appointing distributors so that the business remains with the traders and not with political agents.

A consumer rights protection law has to be framed and the voice of the consumers' associations needs to be heard. They could develop social resistance against the traders who violate the norms and ethics of fair business. Government officials could be appointed look after the interest of the consumers. The involvement of cooperative societies might help to reduce manipulation by middlemen, and thereby reduce the prices of essentials commodities substantially.

In fact, social resistance is necessary while government intervention seems to be inappropriate and inconvenient. In developed countries, social resistance is very much in practice to regulate the prices and establish discipline in the market.

Punishment to traders or intervention by the law enforcing agencies does not always work better and yield positive results. Such actions are misinterpreted as coercion or as interference for illegal gratification. Even during the rule of the previous caretaker government this was found to be an inappropriate step, because of which the government had to constitute a Better Business Forum.

The government is planning to table a competition law before the parliament to develop a healthy operational practice among the manufacturers, growers and the sellers in a market economy. This might help improve efficiency in the economy and preserve the consumers' rights and welfare. But government must keep in mind that tariff anomalies, if any, could hinder the whole process of price fixing.

The important thing is that the message must be received by the people that government is not involved in any manipulation of prices and is very concerned about the consumers' rights and welfare. At the same time, it must be made crystal clear to unscrupulous traders that no one will be spared for indulging in any manipulation after price fixing, irrespective of any political affiliation. The public will be happy to see that the government is successful in its mission to control the price spiral.

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high prices prevailing in the market.

Obviously, the government is a facilitator, and should not play the role of regulator in an open market economy. But responsibility lies on the head that wears the crown. The public has reasons to find fault with government when retailers do not maintain the prescribed price of soybean oil, and very often charge different prices of the same essential commodity in different shops. The finger is always pointed towards either the ministry of commerce or the ministry of food and disaster management.

the Public Procurement Regulation.

Another possible measure could be an anti-hoarding law, to be updated befitting the needs of the time, with the provisions of a time frame for retaining stocks. There should also be a mechanism through which market forces can control syndicates.

The extensive misuse of Delivery Order (DO) for edible oil and sugar has prompted the government to switch over to the system of distributorship at upazila level to resist manipulation by the dealers, but adequate alertness will

# US success or failure lies in the ME

**MOHAMMAD ALI SATTAR**

US President Barack Obama must be unhappy and discontented in more than one way. The once popular president was hoping to get things done his way with more comparative ease than his predecessor. He is going through disappointing times. He was hardly applauded in the American media, which reviewed his domestic and foreign policies -- especially his stance on the Middle East -- at the beginning of the century's second decade.

In foreign affairs, his "signature issue" throughout his first two years has been the Palestinian-Israeli peace process, which, till date, disappointingly remains in limbo despite his key appointment of former senator George Mitchell as his Middle East peace envoy just as he stepped triumphantly into the White House.

The re-launch of direct talks between Israel and Palestine last September raised great hopes among those who believed in Obama's image and capacity to convince, and of course to lead. Obama was the first to believe that things wouldn't be as difficult as before. He was hoping to reach a settlement within a year.

To soften the Israeli leaders he even offered Israel a significant arms and financial deal, which, unfortunately for him, failed to prompt the right-wing Israeli government of Prime Minister Benjamin Netanyahu to abandon its colonial expansion into the Palestinian territories occupied after the 1967 Arab-Israeli war.

Interestingly, the American media has shown great reluctance to review the US Middle East policy matters seriously for quite some time now. It might be for showing the world that the issue was not important for the people of America, or that the peace exercise didn't warrant any dignity and there was no chance of a

realistic solution.

In all, the matter was played down and hardly received any attention, and went unnoticed as low key and boring. But more likely, all reviewers were at loss as to what to expect from Obama after his debacle in the mid-term elections.

One will be mistaken if he thinks that US can afford to keep the ME crisis at

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bay and still claim success. Fact of the matter is, the most important issue that might make the US foreign policy now, or for years to come, is the ME. US role in the ME will affect its role in the rest of the world.

This thought might have crossed the president's mind quite early, or maybe even before he entered the White House. Obama's success in history will be measured solely on his performance on the ME conflict resolution. US has nothing at stake anywhere in the world now. So far as strategic issues are concerned, the

START deal with Russia has been successful for Obama. And there's practically no big issue where US position or power is at stake. Taming of North Korea is a matter of time.

After ME, another key issue is the continued commitment of US troops to Iraq and Afghanistan for many months to come.

By now, the world knows that Obama is not a trigger-happy president nor is he a lame-duck leader. He has his way of doing things. He is certainly a departure from the previous presidents, who were more or less same in their attitudes towards friends and foes. They followed almost identical policies and strategies. They mostly spoke of war strategies than world peace, although Bill Clinton made the leaders of Palestine and Israel sit in the

White House, shake hands and talk peace. Obama might have found himself in a different situation because he might have had different approaches.

It should be a consolation for Obama that no US president could be successful in ME peace process. But that should not make him complacent, and he should go all out irrespective of the surprising Republican control of the House of Representatives.

He simply has to outmaneuver his opponents in Congress to carry forward his plans. It is understood that the Israeli lobby will stop him from doing things that might go against the Jewish state. Experts in US say that Obama is not working as closely as he should have with European leaders and the United Nations, especially the so-called Quartet on the Middle East (composed of the UN, the European Union, the US and Russia), which has been sidelined by the Obama administration. The Quartet's special envoy is the former British prime minister Tony Blair.

Moreover, the growing number of governments, especially from South America, who have recently announced their recognition of the Palestinian state,

should provide the Obama administration with more ammunition in twisting Israeli arms. Even Israel is reportedly concerned by the number of states rallying to the support of the Palestinian leadership.

A closer look at the region would help him to rethink about the approaches he might have thought to make. Events are fast moving in the oil-rich and strategic region. The sooner Obama comes to grips with the decades-long conflict, the better he can help with the serious problems facing this region.

These include the recent terrorist attacks on Christians in Egypt and Iraq where many lives have been lost, the aging of several Arab leaders whose absence may change the region's temperament, the likely division within Sudan where the southern region voted on January 9 to secede and form an independent state, and the anticipated turmoil that could erupt in Lebanon once the international court takes a decision about the assassination of the former prime minister Rafik Hariri.

Instead of yielding to Israeli pressure, which has been the week-kneed tradition of the White House occupants thus far, Obama should look at other ME states and leaders with respect and encourage them to play a dynamic role in the ME peace exercise. Saudi Arabia, Iran and Turkey could play further roles to help resolve the problem.

Let not Israel feel that US is only their "contractor of peace" anymore. Let it feel that other war affected countries of the region deserve the same attention as Israel does. Let it see that one president of America has brought about wholesale changes in the US-ME policy by bringing in a long-lasting and honourable solution to the ME crisis, especially by ensuring the Palestinians their right to live as free citizens of an independent state.

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# Facing challenges in 2011

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SOME of Sheikh Hasina's critics observed that she failed to give proper importance to the trial of war criminals during her regime of 1996-2001. We think that she did not feel herself politically secured enough to undertake such a venture. Another reason may be that the assassination of Bangabandhu was apparently accepted by the people who matter (like leading politicians, senior bureaucrats and armed forces).

This, in fact, exposed a serious weakness in our character, the proclivity to satisfy our personal gains. Loss of Bangabandhu weakened the bases of secularism and democracy, and the anti-democratic and anti-freedom groups not only thrived but were also encouraged to consolidate their political existence.

The AL under the leadership of Sheikh Hasina assumed power on January 6, 2009, with the vision to modernise Bangladesh and make it a secular democracy. The AL leaders are fully aware of the fact that attainment of such vision is a stupendous task, which needs a highly efficient bureaucracy,

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good governance, and unhesitating support and cooperation (on major national issues) from the opposition.

In evaluating the performance of a government one must appreciate the good deeds and point out the mistakes and excesses. This government inherited a highly politicised, corrupt bureaucracy and undemocratic governance. Additionally, it did not get any cooperation from the opposition, though it was expected because both the major political parties had suffered during the caretaker regime (2007-08).

Despite facing lots of difficulties the government has been fairly successful. Our prime minister deserves unstinted support for her courage and capability in leading the government for the last two years. During the first year of her present regime she handled the aftermath of BDR rebellion successfully.

In the second year of her rule she could resist the movement of the opposition, control the restlessness in the readymade garments sector, execute the assassins of Bangabandhu, foil an attempt to bring activities of Chittagong port to a standstill, successfully resist the Jamaat-Tahrir movement, and arrest senior civil and military personnel in the 10-truck arms case. Some of these actions were extremely risky and show her extraordinary courage and conviction.

We feel encouraged and inspired by our prime minister's declaration of undertaking big projects like construction of Padma bridge, four-lane Dhaka-Chittagong road, new international airport, elevated expressway and big flyovers. Yet another of her courageous decisions is implementing the new education policy.

Among major achievements of Sheikh Hasina are the breaking of the myth that the assassins of Bangabandhu could not be punished and powerful war criminals like Nizami, Mujahid, Sayeedi and Salauddin Quader Chowdhury could not be brought before the law. Furthermore, she could successfully tackle the opposition's negative political activities like boycotting parliamentary sessions and organising *hartals*, and in controlling fundamentalists' uproar. In short, Sheikh Hasina had been able to rule the roost in the domestic politics throughout 2010.

Sheikh Hasina may have to face the hostile opposition, and the problems of dealing with India, USA, China and some important Islamic countries. People's expectation may increase. The opportunists, aspiring for power, may start pressuring for power.

Only self-contentment that "people are satisfied" is not enough. People will have to be contented with good governance. More vigorous efforts are needed to control the price hike of essential food items and growing unemployment. For presenting a brighter future the government must be fully conscious about the sensitivity of these problems. We wish more success to Sheikh Hasina in achieving the goals in 2011.

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