

## A probe committee at last

*Announcement welcome but investigation period too long*

**W**E welcome the formation of a committee to probe the stock exchange manipulation that rocked the capital market and by extension the financial market as well. The choice of the chair is commendable as a man with expertise and professionalism is going to lead the investigation team.

The greenhorn investors were fleeced of their fortunes at the Dhaka Stock Exchange in a dash even before they could realize. Scamsters escaped unhurt. And all that the government did was to take some ad hoc palliative measures and through their inaction allowed an atmosphere of blame and counter blame being traded, as more than 30 lac investors lost whatever savings they had garnered. It appears that it's been a well designed maneuver by market manipulators to hoodwink the biggest money market who may have romped home with their ill gotten capital.

There has been a deliberate attempt to turn attention to the central bank, holding it responsible for causing a cash crunch. But experts say the Central bank regulates the money market while the Stock Exchange Commission (SEC) regulates the capital market; therefore, Bangladesh Bank cannot be held responsible for this debacle.

The market was on the rise for almost a year. When symptoms of overheating was looming why did not the concerned authorities sense a doom and intervene to save the situation? The trading community could have been bailed out from imminent disaster. Why this apathy on part of the SEC?

After the upheaval of sorts and irreparable damage, government has announced a concrete step hopefully to regularize the market and create confidence among the investors through instituting a probe, but then the three months given to finalize its report including identifying the culprits is too long a time. The immediate challenge before the government would be to stem collapse of the market by taking some concrete problem-solving ad interim measures to restore minimum confidence of investors in the SEC. The goal should be to put the capital market back on course and ensure transparency of its operations on a sustainable basis.

Let us not forget that it is on the quality of the outcome delivered by the probe committee that will ultimately reflect on the credibility of the government.

Hopefully, the committee has appropriate terms of reference and will never fall short of all kinds of logistical support to operate in fulfilling its mandate.

We say to the committee, spare nobody, no institution or group in pursuit of truth, however high, mighty and powerful they may be, and fully expose them to the public.

## Jatiya Sangsad goes into session

*BNP should have motivation to return to parliament*

**T**HE Jatiya Sangsad went into its first session of this year yesterday. We as well as all citizens across the country would truly have been happy if the opposition BNP had chosen to end its boycott of the House and returned to it. Despite the fact that the lawmakers of the party were absent yesterday and have so far given no indication of when they mean to go back to the law-making body, it is still our expectation that they will, in the larger interest of their constituents and democracy, reconsider the boycott and resume their participation in the JS. Of course, it is taken for granted that the BNP lawmakers will make it a point to go to the House if only to preserve their membership of the body. Rather than being exposed as having been compelled by circumstances to return to the JS, the BNP should not only appear to be seen to be in the House but actually be seen there as a matter of conviction. We feel that it is its sacred responsibility to go beyond partisan considerations and indeed involve itself in the business of parliament -- through staying in the House.

The recent municipal elections which resulted in a drubbing for the ruling party and a clear triumph for the opposition should be a good enough reason for the BNP to return to parliament and engage the government in a meaningful debate on matters citizens would like to see deliberated on in the JS. In light of the recent polls, we can assume the party has behind it a fair amount of support for its cause as well. If, despite this, it does not manifest any motivation to be in the JS, its credibility will come into question. With the popularity of the ruling party in decline, as the recent polls show, the BNP has an opportunity to come up with alternatives and indeed to give a hint to the nation of how it means to pursue politics between now and the next general election.

We have consistently argued in these columns that despite the number of lawmakers it has at present, the BNP can effectively raise all the issues of public interest it has been speaking of outside the JS more effectively inside parliament. There is little question that at this point, there is a wide range of issues over which the party can tackle the ruling Awami League and thereby afford the electorate a chance to understand the present political perspectives better.

Democracy in Bangladesh is, as anyone will admit, yet in a fragile, nascent state. The fact that it has so far not taken the kind of roots it ought to have in the past twenty years has much to do with the boycott culture practised by the major political parties. Let there be a break with such an unhealthy tradition. By going back to the JS, the BNP will only be strengthening itself and the foundations of pluralist politics in Bangladesh. It is political mileage it should not forfeit.

SYED BADRUL AHSAN

**M**AKE no mistake about it. The municipal elections were a plain drubbing for the ruling Awami League and for all the right reasons. There would hardly be any point for the government and for the leadership of the Awami League to go searching for scapegoats to hold responsible for the debacle. It is the people who have spoken, for they are the best judge of where the country is going and what ought to be done about it. In these past two years, they have observed little of the change the Awami League promised in the run-up to the general elections of December 2008.

The idea of a digital Bangladesh sounds fine, sure. But there are all the other issues that people expect to be handled, and handled well, by a government that was voted to office with an unprecedented majority.

Ah, but there lies the problem. A huge majority for a political party is generally cause for worry anywhere; and in Bangladesh, it has traditionally resulted in arrogant government and bad governance. Think back on the history of elections in this country since March 1973 and you will know. Broaden the thought a little, especially with regard to the years after August 1975. There have been leaders aplenty (and precious few workers) with no concomitant growth in competent leadership.

For all our pious wishes about democracy taking deeper roots in the country, for all our pride in periodic struggles for a restoration of popular rights, we have as a rule come up against all the hurdles we thought would go away with a reassertion of the sovereignty of the people as expressed in their choice of the men and women they would like to see in government. The patently unabashed manner in which the elected upazilas are being undermined and the alacrity with which bureaucrats and lawmakers are being super-imposed on them tells you a whole lot about the



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stagnation democracy appears headed for.

There is always a price to be paid by politicians when they are at a disconnect with people. And in Bangladesh today, you spot that disconnect in the government's inability to keep prices within the range of the common man; in its failure to come forth with a solution to the gas crisis, domestic as well as commercial; in its sheer helplessness where ensuring law and order is concerned.

It is all very fine for the powers that be to focus on such historical necessities as a trial of the 1971 war criminals and a restoration of the secular spirit of the constitution. The Bengali values we forged in our days with

Pakistan and waged war for in 1971 will of course need to be reasserted unequivocally in our lives. But along with that grand move to reassert our self-esteem as a people, it is hugely important that good, efficient and competent governance underscore the performance of those we elected to office two years ago.

The point ought to be obvious. The ruling party, beginning with the prime minister and going all the way down to an Awami League worker in the remotest of hamlets in this country, must reflect on the mauling it was given at the municipal elections. It should have been for the prime minister to let the nation in on her post-election thoughts, to tell the country

# Price volatility and food crises

JACQUES DIOUF

**M**UST history always repeat itself? We are indeed on the verge of what could turn out to be another major food crisis. The FAO Food Price Index at the end of 2010 returned to its highest level. Drought in Russia and the export restrictions adopted by the government, together with lower crop harvests than expected, first in the United States and Europe, then in Australia and Argentina, have triggered a process of soaring agricultural commodity prices in international markets.

Admittedly, the present situation is different from that of 2007-2008, although recent climatic events may significantly reduce agricultural production next season. The hike in prices concerns sugar and oilseeds in particular, more than grains which account for 46% of calorie intake globally. Cereal stocks amounted to 428 million tonnes in 2007/08 but stand currently at 525 million tonnes. However, they are being seriously drawn down in order to meet demand. On another front, oil prices are at around \$90 a barrel, instead of \$140.

No doubt higher prices and volatility will continue in the next years if we fail to tackle the structural causes of imbalances in the international agricultural system. We continue to react to circumstances and thus to engage in crisis management. The underlying problems were identified in 1996 and 2002 at the FAO World Food Summits. On both occasions, the attention of the highest authorities of the world was drawn to the failure to deliver on commitments. If current trends persist, the goals set by the world leaders of reducing by half the number of hungry people on the planet by 2015 would only be achieved in 2150.

There has been no decisive change in policy since 1996, despite the warn-

ings by the Global Information and Early Warning System of FAO and those issued through the media. Yet, today there are still close to one billion people who are hungry.

We must therefore forcefully remind everyone the conditions needed for an adequate supply of food for a population that is constantly growing and that, in the next forty years, will require a 70% increase in agricultural production worldwide and a 100% increase in the developing countries.

First is the issue of investment: the share of agriculture in official development assistance (ODA) dropped from 19% in 1980 to 3% in

tonnes of cereals from human consumption to the transport sector. Further, unilateral sanitary and phytosanitary measures and technical barriers to trade are hampering exports, particularly from the developing countries.

Finally, there is the subject of speculation that is exacerbated by the measures of liberalisation of agricultural futures markets in a context of economic and financial crisis. These new conditions have served to convert hedging instruments into speculative financial products replacing other less profitable forms of investment.

The solution to the problem of

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2006, and now stands at around 5% -- it should amount to \$44 billion per year and return to its initial level that helped to avert famine in Asia and Latin America in the 1970s. The budgetary expenditure of low-income food-deficit countries on agriculture represents about 5%, when this should be at least 10%. Finally, domestic and foreign private investments of around \$140 billion per year should amount to \$200 billion. These figures are to be compared to global military expenditure of \$1,500 billion per year.

Then there is the issue of international trade in agricultural commodities, which is neither free nor fair. The OECD countries protect their agriculture with a total support estimate of \$365 billion per year, and the subsidies and tariff protection in favour of biofuels divert some 120 million

hunger and food insecurity in the world therefore requires an effective coordination of decisions on investment, international agricultural trade and financial markets. In an uncertain climatic context marked by floods and droughts, we need to be in a position to finance small water control works, local storage facilities and rural roads, as well as fishing ports, slaughterhouses, etc. Only then will it be possible to secure food production and enhance the productivity and competitiveness of small farmers, thus lowering consumer prices and increasing the income of rural populations who make up 70% of the world's poor.

We must also reach a consensus on the very lengthy negotiations of the World Trade Organization (WTO) and put an end to the market distortions and restrictive trade practices that are

that she and her government have heard the people loud and clear.

Modern leadership is all about initiating instant, and maintaining constant, communication with the electorate. The prime minister would have done herself and her party much good by calling a press conference and informing the country of the corrective measures she means to adopt as a way of winning back the confidence of the voters. That neither she nor anyone else in government has given us any hint of the humility with which they may have acknowledged the municipal election results is deeply worrying. Politicians in a state of depression are not intellectually equipped to reinvent themselves.

If the government means to reactivate itself, if the ruling party aims at returning to power at the next election, it must first convince the country it has learnt the lessons coming out of the municipal elections. There is something else it can do -- to repair the huge dent caused by the shares market crisis to its reputation: it can let the law take its course by going after those who have manipulated the market. Those who caused a commotion in the market in 1996 and those who have committed a similar misdeed now must pay the price. The price, do not forget, needs also to be paid by some others as well. The minister for finance should have resigned. Those presiding over the Securities and Exchange Commission should have quit or been sacked.

Arrogance of power is a debilitating disease. It eats away at ability and then plain kills it. It makes hollow beings of powerful men and women. One gleaming dark morning, it leads to electoral defeat for those who have perpetuated the illusion that triumph will always be theirs.

The next general election is the Awami League's to lose, unless its leading lights decide to change course -- and drastically too.

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aggravating the imbalances between supply and demand. Finally, there is a pressing need for new measures of transparency and regulation to deal with speculation on agricultural commodity futures markets.

Implementation of such policies at the global level requires the respect of the commitments made by the developed countries, notably at the G8 Summits of Gleneagles and L'Aquila, as well as at the G20 Summit in Pittsburgh. Developing countries, for their part, must increase their national budget allocations to agriculture. And private foreign direct investment needs to be made in conditions that will ensure in particular, thanks to an international code of conduct, an equitable sharing of benefits among the different stakeholders.

Crisis management is essential and a good thing, but prevention is better. Without long-term structural decisions and the necessary political will and financial resources for their implementation, food insecurity will persist with a succession of crises affecting most seriously the poorest populations. This will generate political instability in countries and threaten world peace and security. The speeches and promises made at major international meetings, if not acted upon responsibly, would only fuel a growing sense of frustration and revolt.

The time has come to adopt and implement policies that will enable all farmers of the world, in developing and developed countries alike, to earn a decent income through mechanisms that do not create market distortions. These men, women and youths must be allowed to exercise their profession under conditions of dignity so we can feed a planet that will grow from 6.9 billion inhabitants at present to 9.1 billion in 2050.

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