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Our food security is at genuine risk

Govt needs to react now to the ominous signs in the global market

AS the global market continues to remain topsy-turvy, and with India banning wheat exports on May 13, Bangladesh needs to put more focus on ensuring its short- to medium-term food security. Reportedly, the government is banking on having a good harvest of Boro paddy to bolster its grain stock. Experts, however, have warned the government not to solely rely on local production of food grains. The government should take heed of their warning, and look to secure other sources of import at the earliest—before more countries start to impose similar export bans to guarantee their own food security.

By the looks of things, the global market will continue to remain volatile—at least for the foreseeable future. Many predicted the current crisis in regards to a shortage of food grains globally due to Russia's invasion of Ukraine and other related factors. The export ban by India is a big concern, as Bangladesh has been importing significant amounts of wheat from its neighbour over the past years. But government officials say the ban is not likely to have much of an impact, since India has only banned commercial wheat exports, and the government can still import the item through government-to-government deals using its good relations with New Delhi.

Only a day after the ban was announced, however, wheat prices increased by as much as 25 percent in the local markets here. What explains such a sharp rise in price in such a short time? If what the officials have said is true, there is no reason for the price hike—except for traders trying to exploit the situation. Therefore, besides bolstering its grain stock by importing wheat and other food items from different sources, the government also needs to remain vigilant to check any attempts to manipulate prices by powerful traders and syndicates.

As experts have pointed out, Bangladesh is already under significant inflationary pressure right now. Because people in huge numbers are struggling to afford many essentials, they are being forced to give up on a variety of foods and fall back on their main staple—i.e. rice. That means they are already down to their last option. And so, if there is a shortage of food grains or the prices rise any further, the country could face a severe crisis.

That's why the government must not show any form of complacency in ensuring the country's food security for the foreseeable future. In regards to that, it should exercise all its options, starting with securing new import opportunities, supporting local production through the cheap availability of fertilisers—whose supply has also become volatile because of global factors—and other production-related items, as well as use the futures market if necessary.

Chattogram's carbon catastrophe

Stop suicidal power plant projects, save the region

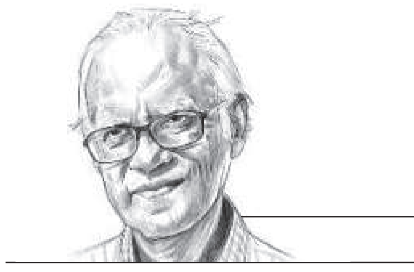
IT is quite a startling fact that most of the coal-fired power plants in Bangladesh are located in the Chattogram region, which will encounter a catastrophic situation if and when all of these plants are completed and operational. It's worth noting that Bangladesh has one of the largest coal power pipelines—29 in total—according to a study conducted in 2019.

To begin with, why are we still investing in dirty energy when the whole world is moving away from them? Secondly, two-thirds of the new fossil-fuel-powered energy plants have been concentrated in one region—in Chattogram division alone—which bodes very badly for its ecology, flora, fauna and public health. To quote a recent study by a group of NGOs, Chattogram is at high risk of being one of the world's largest carbon catastrophes. We also wonder why a country like Japan, which has committed to stop coal financing, is bankrolling this damaging project in Bangladesh. How are we to mitigate the estimated 1.38 billion tonnes of carbon dioxide emission during the lifetime of these proposed coal- and gas-fuelled power plants? The study highlights that once Matarbari, the most damaging of the projects, goes into operation, it will be the cause of 6,700 premature deaths during its lifetime.

We believe the time has come to rationalise our power policy, which must begin with addressing the contradictions in this regard. Why go for such big and damaging projects when there is unutilised capacity in the country's power sector? Shouldn't the government explain why about 60 percent of the installed capacity was left unused in the 2020-21 fiscal year, and why USD 1.6 billion of public money was paid to companies for underutilised power capacity in 2021? Whose fault is it, and who will answer for this pathetic state of planning? Why should the public have to bear the consequent rise in power tariffs? What can justify the overenthusiasm of the government to house coal-powered projects that have been proven to be both environmentally and economically unviable around the world?

Unfortunately, despite the global call to reduce the use of fossil fuel, and despite lofty promises that Bangladesh will reduce its dependence on dirty energy, we seem bent on investing in this damaging and dirty source of power. Regrettably, we don't have the same enthusiasm for finding renewable and clean sources of energy. We must purge our predilection for coal-powered projects, and utilise the unused generated power. In the meantime, we must adopt renewable and clean sources of energy that are both economic and sustainable and can lessen the burden on the consumers.

The Economy: What got you here won't get you there



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WAHIDUDDIN MAHMUD

OVER the years, Bangladesh has achieved considerable economic progress despite many odds. The economy, however, has now reached a point where continued progress will require course corrections, as alluded to by the title of this article, which is also the subtitle of a bestselling business book. The imperatives for such policy changes have already been there, only to be heightened by the Covid-related economic slowdown and now by the global economic impact of the Russia-Ukraine war.

The extent of the fallout caused by the Russia-Ukraine war will depend much on how long the war will continue. Our external balance of payments is already under increasing strain due to the soaring price of imported crude oil. The impact of price speculation in the global edible oil markets has clearly upset the domestic market, leading to erratic moves by the government to keep the price within a limit. For two other essential import items, namely wheat and fertilisers, uncertainty has arisen not only from the global price hikes, but also from doubts about the very availability of these items in the global markets. How far the domestic consumers—and farmers in the case of fertilisers—can be protected from the increased import prices will depend on the amounts of subsidies the government can afford to provide through its various distribution channels.

It, thus, comes down to the space for manoeuvre within the government's budgetary allocations. That space has unfortunately shrunk due to the increasing burden of servicing public debt, which is now eating up an increasingly large chunk of the revenue earnings. The government has resorted to increased deficit financing, both through domestic and foreign borrowings, for managing the Covid crisis, and more so for funding the megaprojects.

But the main underlying reason for the looming budgetary problem is the low revenue earnings, which has remained obstinately low and stagnant as a proportion of GDP for the last three decades or so. Our tax-GDP ratio, which is one of the lowest among our comparator countries, has remained the Achilles' heel of our budgetary management, only to be more openly exposed by the pandemic fallout and the impact of the ongoing global economic turbulence.

Although the post-Covid export recovery has been a saving grace, it has not been enough to prevent the opening up of a gaping hole in the trade balance, and even in the overall external balance. The Bangladesh Bank cannot possibly continue to defend the taka-dollar exchange rate even though the level of foreign exchange reserves may still look comfortable. We need to have adequate cushion against the impact of loan repayments incurred for the megaprojects, given that the significant amounts of debt servicing will begin within the next medium-term period. As for the more immediate future, while taka gets devalued, it is likely to add fuel to the fire of imported inflation. This in turn will require more social safety net protection and other support measures for the poor,

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while the low-middle class families will also likely come under distress.

There is an apprehension in Bangladesh about a looming spectre of a Sri Lanka-type situation of external bankruptcy. That possibility seems unlikely, given the current levels of macro-financial parameters in the country. But there are lessons to be learnt. Merely avoiding external bankruptcy, which is more of an African and South American phenomenon, should not be the yardstick of how well we are managing our externally-financed projects. It goes without saying that we need to manage these projects far more efficiently, in terms of reducing cost and time overruns, in preventing resource leakages and in setting priorities. The huge costs incurred in infrastructure projects should not be justified by their prestige value, but by their capacity to attract future private investments. In particular, investments in export-oriented industries can take care of the stress on the balance of payments created by future debt repayment obligations.

It is a sobering thought that, while rapid growth episodes for a decade or so is quite common among developing countries, sustained growth over a much longer period—as happened, say, in South Korea—is extremely rare.

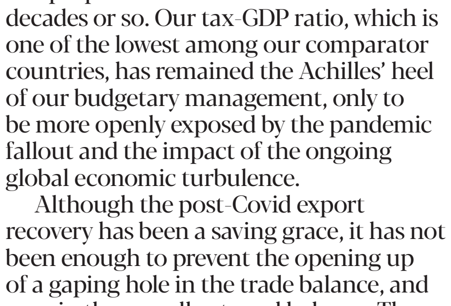
While our immediate policy focus needs to be on redressing the impact of price hikes in the domestic markets, this may also be an opportune moment for rethinking our longer-term development strategy. It is a sobering thought that, while rapid growth episodes for a decade or so is quite common among developing countries, sustained growth over a much longer period—as happened, say, in South Korea—is extremely rare. Agriculture apart, the laudable economic progress achieved so far in Bangladesh has been mainly driven by the replication of economic activities based on low-wage and semi-skilled labour along with low-productivity technology, as in the case of ready-made (RMG) garment industry, manpower export and the scaling up of small and micro-enterprises. In order to go into the next growth trajectory, the economy needs to shift from replication to a deepening of skills and technology, associated with higher productivity and wages. A lot of homework is also yet to be done about how to negotiate our way into an increasingly turbulent global economy, particularly as we graduate out of the LDC status. Economic growth in the future will also be more costly, given the need for making industrialisation and urbanisation more compatible with environmental sustainability.

In the social sector development indicators, we have achieved even more remarkable progress, but the achievements so far have come from the adoption of low-cost solutions, such as reducing child mortality through diarrhoea treatment by oral saline and through successful immunisation campaigns. The enrolment rates have rapidly increased at all levels of education, but only at the cost of lowering quality. Further progress in the social sector indicators will depend not only on more social public spending, the level of which has remained extremely low even by the standards of low-income countries, but also on substantial improvement in the quality of public service delivery. The existing education system, with its deteriorating standards, is simply incapable of meeting the human capital requirements of our envisaged development goals.

While delineating an entire development strategy is beyond the scope of this article, I shall leave you pondering on a question rarely discussed in the development discourses: What made post-World War II Germany and Japan emerge again as economic powerhouses within a decade or two after having their physical infrastructure thoroughly ravaged by war? Although the post-war US support towards economic rehabilitation was a factor, a reasonable guess is that the major role was played by the existence of a highly skilled labour force.

PROJECT SYNDICATE

India's Covid Con



AWAKENING INDIA

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SHASHI THAROOR

INDIA is no stranger to political controversies. At least half a dozen rage in its fractious public life at any time. But perhaps the most unseemly dispute recently has been the one over the country's Covid-19 mortality figures.

The pandemic hit India hard, particularly during the second wave in April-June 2021, when people were dying from Covid in hospital waiting rooms and car parks, while others succumbed due to a lack of medical oxygen. Countless funeral pyres glowed in the darkness along the banks of the Ganges, even as some poor families, unable to afford a funeral, wrapped their loved ones in shrouds and sent them floating down the river.

But despite widespread anecdotal evidence of a catastrophic pandemic death toll, the official figures told a different, although still alarming, story. Prime Minister Narendra Modi's government estimated that, between January 2020 and March 2022, just over a half-million deaths were attributable to Covid. Many Indian journalists were sceptical, pointing out that the official figure was well below even the number of compensation payouts made by state governments to the families of Covid victims. The respected British medical journal *The Lancet* published a study suggesting that India's numbers were a gross undercount. But the government stood its ground.

Accurate mortality figures enable a country to understand the scale of a tragedy, honour the dead, compensate the living, and better gauge what kind of measures will be required to prepare for future public health crises.

It took an explosive report from the World Health Organization (WHO) earlier this month to blow the lid off the government's claims. Using the measure of "excess deaths"—based on pre-pandemic mortality rates in the same area—the WHO estimated the number of Covid deaths in India at 4.7 million. That was nearly 10 times higher than the government was prepared to admit, and accounted for almost a third of the estimated 15 million pandemic deaths globally.

The Indian government, which had at first tried unsuccessfully to stall the adoption of the report, denounced it, citing concerns about the WHO's methodology. But, given that lower Covid mortality figures are an essential part of the government's messaging, the denials were widely seen as an attempt to counter unfavourable publicity about its management of the pandemic.

Ironically, the WHO's figures confirm that India did not do all that badly relative to other countries in tackling the pandemic. Although India's Covid fatality rate of 1.2 percent of confirmed cases is the seventh highest globally, the country does not figure in the top 100 in terms of deaths per million population. Moreover, it is possible that many more people in India were infected than diagnosed, and that the true fatality rate is therefore lower, even if the absolute numbers are high as a result of India's large population.

It would therefore have been better for the government to accept the WHO's figures and frame them as relatively good news, rather than kicking up a controversy that has put it in an unflattering light internationally. India should have admitted that the draconian, Chinese-style lockdown the government imposed when the pandemic began in 2020 paralysed much administrative activity, including the reporting and registration of deaths (not just from Covid). Field surveys were not conducted, and statistical sampling was based on inadequate data. While things improved in that regard in 2021, shifting patterns of lockdowns and the severity of the second wave also interfered with the maintenance of accurate records. The government could simply have asked the WHO to include a footnote in the report explaining that, for these reasons, the organisation's estimates of Covid deaths in India were based on a modelling exercise.

Instead, Indian officials made the preposterous claim that 99.9 percent of all Covid deaths to date were registered in 2020, and that the increase in "excess deaths" really reflects an improvement in registration. This is so palpably untrue as to cast doubt on the government's overall trustworthiness.

Life and death cannot be a matter of opinion. Accurate mortality figures enable a country to understand the scale of a tragedy, honour the dead, compensate the living, and better gauge what kind of measures will be required to prepare for future public health crises. India must not be victimised again by the Modi government's embarrassingly clumsy attempts to control its image.