

# The Daily Star

FOUNDER EDITOR: LATE S. M. ALI

## A flicker of hope as nation mourns blast victims

### People coming in droves to help set inspiring examples

**E**VEN as it continues to churn out stories of heartbreaks, lost love and missed chances, the BM Container Depot blast in Sitakunda is already one of the worst tragedies in recent history. So far, at least 49 people have lost their lives, and more than 450 have been injured. As we mourn these unfortunate deaths and pray for the grieving families, we feel equally angered by the irresponsibility and recklessness that has caused such devastation.

Many things had to go wrong for a tragedy of this scale to occur. We're told that safety measures mandatory for storing chemicals in a depot were not followed. There were no caution signs, for example, so fire-fighters trying to douse the flames did not realise that they were standing right next to dangerous containers that would end up exploding and claiming the lives of nine fire-fighters – the highest from a single event in our country's history. There were many such irregularities at the site that only made things worse.

But perhaps, all things considered and as we try to look ahead, this tragedy does have a silver lining, which comes from the bravery and selfless services of not only the first responders, but of ordinary people as well. Nurses and doctors from all over Chattogram reportedly flocked to the Chittagong Medical College Hospital (CMCH) to provide their services, even in the middle of the night. Many of them showed up of their own volition, because they felt they had to come to the rescue of the victims. They helped, and continue to do so, in handling their treatment and other responsibilities.

Then there were the students and random people who showed up to donate blood to the victims, and help distribute medicine and food to victims and their families. They were motivated by humanitarian reasons, which shows the true character of this nation in the face of tragedies. The number of student and non-student groups that participated – and still are – in the effort to heal the deep wounds inflicted by this catastrophe is truly inspiring. It provides the one thing that this country needs going forward: hope.

So while we call on the authorities to conduct a thorough investigation into the incident and hold those responsible accountable, and make sure that meaningful measures are taken so that such a calamity never befalls this nation again, we salute the first responders – fire-fighters, army personnel and policemen – medical professionals, and ordinary citizens who have all made us proud even when the whole country has been in mourning. It is these gestures, big and small, of humanity, that shows the way even in the darkest of moments.

## Gas price hike totally unacceptable

### Govt must leave breathing space for struggling citizens

**A**MID the galloping prices of all essential commodities, the hike of gas prices by 22.8 percent has come as a cruel below-the-belt blow to citizens, especially those belonging to the middle and lower-middle classes. It means that the already shrinking purse of fixed-income groups will get further depleted to pay extra bucks for gas now. Concerned citizens and business leaders have rightly observed that the government could increase its subsidy in the energy sector instead of taking this suicidal decision.

The fear of gas price escalation has been haunting the people since the start of the Ukraine war, and it has finally come true. However, one good news is that the price for compressed natural gas (CNG) hasn't been increased, therefore, CNG-run industries and automobiles will have no excuse to charge extra money like in the past.

The hike is likely to hit some industries particularly hard, for example, fertiliser factories will have to pay Tk 16 per cubic meter of gas instead of Tk 4.45. This big jump in price will create the scope for increasing the price of fertilisers. This will also result in the rise of prices of crops and other agricultural products, and no doubt ordinary consumers and, by extension, people will have to bear the brunt in the end. Similarly, when we see that the tariff for power plants has been increased by 12.8 percent, for large-scale industries by 11.96 percent, for medium-scale industries by 10.09 percent, for tea estates by 11.5 percent, and commercial users like hotels and restaurants by 15.83 percent, we can very well guess that these sectors will ultimately make the consumers pay indirectly for what they will pay to the government.

This is, quite frankly, an anti-people decision and has all the elements for upsetting their family budget at a time when inflation is showing no sign of abating. The Bangladesh Energy Regulatory Commission's justification – that the government has taken the decision not to give subsidies for any product at the production level, rather it would be extended at the consumers' end – means that the government binned all the recommendations for alternatives offered by the Consumers Association of Bangladesh. Those recommendations included cutting the huge cost of "capacity charge" that the government pays for surplus electricity, as well as reducing dependency on privately-owned quick rental plants and single-cycle power plants which would have saved a lot of money.

Thus, we find the decision to increase the gas price arbitrary, unmerited and unacceptable. We urge the government to revise it in light of the prevailing reality.

# Is the BNP still relevant?



Mohammad Al-Masum Molla is deputy chief reporter at The Daily Star.

MOHAMMAD AL-MASUM MOLLA

**W**ITH another general election due next year, nobody really knows whether Bangladesh Nationalist Party (BNP), the main political opposition in the country, will participate in it. The BNP seems adamant about not taking part in any election, as has mostly been the case over the last 13 years that the Awami League-led government has been in power. The BNP's claim is simple: There can never be a free and fair election under the current partisan government.

In all fairness, the claim is quite straightforward for one of the two major political parties in a country where non-partisan interim governments holding elections has been a norm in the past. The BNP wants the current government to hand over election-time ruling duties to a "neutral" administration, which the ruling party refuses to do, out of fear of a repeat of 1/11. As a result, the two political parties' opposing stance on a neutral poll-time government has now probably become the longest standing political stalemate in the history of Bangladesh.

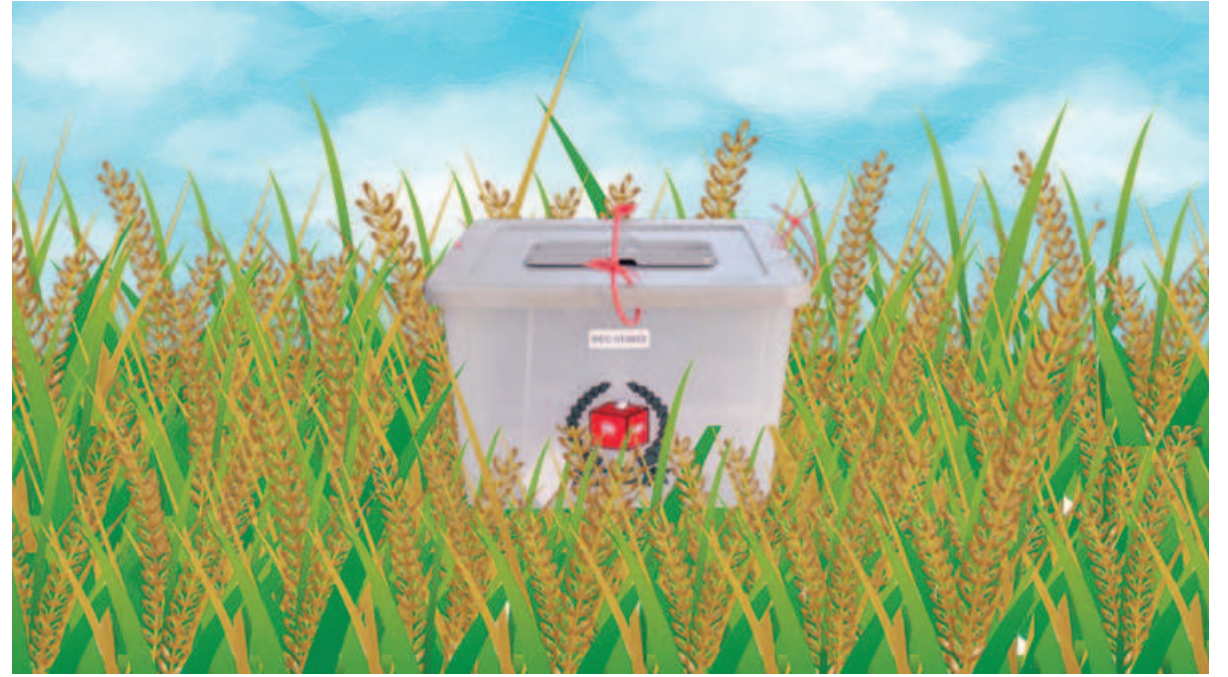
No matter how adamant the BNP seems now, the party did contend in the last general election under the current government four years ago, after a lot of drama. For the most part, they kept on pushing the same agenda: no elections under the incumbent partisan government. But, in what is largely dubbed as a last-minute decision, they went to the polls in 2018 and, quite understandably, the outcome was disastrous: the BNP ended up winning just six seats in an election that was marred by allegations of widespread vote-rigging and engineering. This time around, though, the party seems to have learnt from its mistakes and does not seem likely to make any hasty decision again. Interestingly, the last time the BNP went to an election under a caretaker government, almost 14 years ago, the outcomes were almost equally disastrous: they managed to bag just about a quarter of the 300 seats in parliament.

So, after having experienced both boycotting (2014) and contending (2018) in elections under the current partisan government, and coming out with a bitter taste in the mouth on both occasions, one wonders: Can the BNP really afford another election boycott? Can the party survive in the long run if it continues to

boycott elections?

There aren't any straightforward answers to these questions. Everything the BNP tried in the last 14 years has mostly backfired. They lodged violent street protests on multiple occasions, which resulted in the loss of lives and properties and only brought harsh lashing at home and abroad, but could

However, one big plus for the BNP is that the party has remained more or less united despite all the hardships that they have had to endure since leaving power 17 years ago. In fact, the party is currently going through the roughest patch in its history: Chairperson Khaleda Zia has been in jail for several years; second-in-command Tarique Rahman has been in



▲ VISUAL: TEENI AND TUNI

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not stop the Awami League from holding elections.

One stream of thought within the party – endorsed mostly by veteran leaders who have been there since the birth of the party – is to find a place of compromise and join the polls. Their past experience says the current government is extremely unlikely to amend the constitution to reinstate the caretaker government system. So, the best option for the BNP would be to have peaceful political negotiations to find a middle ground, and a way to come out of the longest "power hiatus" in the history of the party by joining the polls.

The second group is relatively younger and is led by Khaleda Zia's exiled son Tarique Rahman. The adamancy of "not joining the polls unless there is a non-partisan caretaker government" is what they endorse. They believe that the party leaders and activists have already paid a high price by being in the opposition and on the run for a long time. So, they have nothing to lose. Many of them have many more years left in their political careers, and hence are ready to invest more time, unlike the other, veteran group, who are mostly nearing the end of their careers and want to finish on a high note.

exile for even longer; there are at least 200,000 political cases against BNP leaders and activists, just to name a few of the predicaments. Everyone thought the party was going to collapse after Khaleda Zia was jailed. But that did not happen – none of the senior leaders left the party.

Another big plus is that, no matter how tough things have been, the BNP is still one of the two most popular political parties in Bangladesh. Even in the remotest corners of the country, devoid of any civic facilities, there is a local committee of the BNP, just like there is one for the Awami League. Despite not being in power for so many years, that has not changed.

Although it seems like a mammoth task in the face of hundreds of thousands of cases hanging over the heads of its leaders and grassroots workers, the BNP needs to somehow find a way to reclaim the strength to channel its grassroots popularity and support into building a national political movement. Because whether they decide to join the polls for a decent result or take to the streets to prevent the government from holding the elections, they will require their grassroots to rise up to the occasion once again.

# Inflation is not going away anytime soon



Dr Birupaksha Paul is a professor of economics at the State University of New York in Cortland, US, and former chief economist of Bangladesh Bank.

BIRUPAKSHA PAUL

**T**HE world has entered another era of high inflation, and no country can escape from the heat wave of rising prices. The ghost of the 1970s – termed the Great Inflation – seems to be looming on the horizon. The US, with more than eight percent inflation (never seen in 40 years), is on the lead for inflation, as was the case in the 1970s when the inflation spiral was mainly driven by fuel shock. This time, Russia's invasion of Ukraine kicked off the fuel shock too, but the post-pandemic inflation, which most countries are going through, is not fully related to energy shortage. There are other factors which stoked inflation in the first place before President Putin attacked Ukraine. And those factors will keep inflation high for at least two more years.

First, inflation is a common phenomenon after a big recession. The economy enters the phase of recovery. Output goes up. Higher growth leads to lower unemployment – which in turn gives workers higher power of bargaining. Wages go up and cause wage-push inflation. This is demand-driven inflation, which economists describe as the Phillips curve effect. This is not too bad, because people have jobs, pay is higher, and consumers can afford this inflation. The current inflation is partly attributable to the rising phase of the business cycle. This would have happened to all countries anyway after the Covid-led recession, no matter whether other factors had surfaced or not.

Second, the Covid-led recession is unique in that it triggered supply chain disruptions, which we never saw in the wake of any other recessions. Covid is

worse than war. It paused global mobility quite forcibly, but demand remained suppressed. When stricter lockdowns were lifted, the pent-up demand simply exploded. It rushed to hit the market with horrendous desperation, but did not get the products in place. Aggregate demand exceeded aggregate supply, catapulting prices to newer highs every week. This was a golden chance

aggression on Ukraine wouldn't have had much impact on US inflation. Taking a lesson from the 1970s when Middle Eastern countries stopped supplying oil to the US, the American regimes kept on building strategic reserves of oil, which can be as high as 25 percent of their total demand.

Fourth, as the World Economic Outlook (April 2022) claims, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies in 2022. At the end of 2023, inflation is expected to weaken, but it will still be moderately high in developing nations because of the gradual weakening of their local currencies against the US dollar. This is the channel of imported inflation. And that is more so for Bangladesh, whose effort to keep the value of taka artificially high has nosedived and will fail repeatedly at times ahead, making import prices higher in a gradual fashion. The US Federal Reserve's steps to raise policy rates will further strengthen the US dollar.

Finally, inflation is also driven up by fear or panic – a notion dubbed as expectations-augmented inflation. The media with the right information on prices at different markets and the credible steps by the government can dampen this segment to a great extent. All these factors are present in Bangladesh to trigger inflation and also to keep it stubbornly high until the end of 2023. In addition, Bangladesh's special institutional factors – syndication, hoarding, illicit stocks, and corruption – will exacerbate the situation if the government does not rise against the evils of the market.

Prices, once raised, don't tend to fall that smoothly – a notion that economist John Maynard Keynes termed "downward rigidity" or "stickiness of prices." And that is the case for Bangladesh, suggesting the country's inflation will sustain longer even after the compelling factors weaken or disappear.



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for ballooning up sellers' profits by exploiting the excess demand, and they hit the bull's eye. Since ships transport more than 80 percent of the world's trade volume, and ships take much longer time than flights or trains, the pent-up demand moved fast like a rabbit leaving the turtle-paced supply far behind. And this will continue for more than a year. The typical theory of supply chain management failed because of the very different nature of the recession induced by Covid, never seen before.

Third, the Russia-Ukraine war has disrupted not only fuel and gas, but also hurt grain production and exports, sending global commodity and oil prices to higher levels. Only this reason is the same as what caused hyperinflation in the 1970s. This is more so for European countries – most of which are substantially dependant on Russian oil and commodities. While some European countries are 90 percent dependent on Russian oil and gas, the US dependence is as low as 10 percent. Hence, Putin's