

Famine is not the only concern

Govt must ensure maximum food production and bring down prices

We welcome Prime Minister Sheikh Hasina's statement in a Jubo League rally on Friday that there will be no famine in the country as "our economy is (still) strong enough". Concerns over a possible famine, acknowledged by the PM herself in previous comments, have dominated the headlines in recent weeks. With her latest remark, she sought to calm frayed nerves but also stressed that preparation – including not keeping "an inch of land uncultivated" – is a must going forward. We appreciate the positivity and confidence amid gloomy forecasts about famine in 45 countries come 2023.

But we must remember that absence of a famine is not necessarily absence of a food crisis, and that any preparation must involve an honest appraisal of our present situation first. The question is, are we ready for that?

Food crisis, of which famine is the most extreme form, may also mean lack of access to what food is available because of high prices, supply problems, etc. Like many countries faced with the destabilising effects of the Russia-Ukraine war, Bangladesh has also seen prices of food and non-food items go through the roof. And it is as much because of global pricing trends as because of internal challenges, including poor policy response, mismanagement and lack of control over intermediaries, which ensured that prices remained high even when those came down in the global market. Unfortunately, the government still seems to be in denial about these factors, or the massive suffering caused by them.

Moreover, the government claim about the strength of our economy is a relative truth, if our only point of reference is Sri Lanka. Interestingly, last week, Bangladesh became the third country in South Asia, after Pakistan and Sri Lanka, to secure a "staff-level" loan agreement with the IMF this year. That connection may be coincidental, but that we were in a position to need such loans says a thing or two about our economic strength, or lack thereof. The present market realities are also quite telling. Although inflation has come down a bit with the cooling off of grocery prices in October, food prices are still beyond the purchasing ability – and thus "reach" – of the majority of people, creating an article crisis which the government is yet to find a way out of.

This is not to downplay the effects of external shocks, however. But the singular focus on the war must change. True, if the war continues, supply disruptions will continue. Countries may increasingly restrict food exports to boost their own supplies. Bangladesh, therefore, must focus on maximising its food production, as the PM has rightly stressed. This, we hope, will involve increasing our cropland coverage through proper planning and execution as well as better managing crop failures, caused by erratic weather events. We also hope that the interests of our farmers will be protected. Fertiliser imports, and access to them, may get further challenging in the coming days, which must be addressed. The government also must establish control over the politico-business nexus exploiting the precarity of farmers and lack of regulatory oversight to manipulate the market. Otherwise, ongoing suffering from the extremely high cost of living will continue.

Take steps to better fight pneumonia

Vaccination, early detection and availability of antibiotics key

We are alarmed to learn that more than 24,000 children still die of pneumonia in the country every year, despite it being a preventable disease. Experts say that deaths from pneumonia can be averted by a combination of efforts taken by the government, private institutions and parents. While immunisation is one of the most important methods of prevention, not all types of pneumonia can be prevented by vaccination. The vaccine used under the government's EPI programme can fight the bacterial cause of the disease; however, pneumonia caused by other organisms such as viruses and fungi cannot be prevented by vaccines.

That's why it is so important to strengthen our healthcare system so that children with pneumonia, even those in the remotest areas, can be treated through proper medical interventions.

Pneumonia remains the single-largest infectious cause of death in children worldwide but the situation in Bangladesh is particularly worrying, given our weak healthcare system. True, the government's vaccine coverage is more than satisfactory, with the current vaccination rate for pneumonia being 97 percent. But there are areas that need proper attention. According to the Bangladesh Health Facility Survey 2017, 95 percent of hospitals and healthcare institutions in the country do not have all of the 10 basic instruments – Integrated Management of Childhood Illness (IMCI) guideline, child scale, thermometer, growth chart, medicine, ORS, zinc tablets/syrup, amoxicillin syrup/suspension, and mebendazole, etc. – which are often required to treat children, as suggested by the WHO. Under such circumstances, treating pneumonia in government hospitals has become quite difficult.

Particularly, the upazila health complexes still lack proper medical equipment such as nebulisers, pulse oximeters, a proper oxygen supply system, and necessary drugs and antibiotics to treat child pneumonia. Add to that the failure of relevant authorities to educate parents on the need for early detection of the disease. Early detection is crucial for treating pneumonia in children. Surveys have found that parents often take their children to hospital at the last moment, especially when they need critical interventions like oxygen support. Government hospitals in rural settings often lack such crucial support systems, leading to many child deaths.

Another barrier to fighting child pneumonia is the lack of proper data. While we have data on pneumonia-related deaths, we do not have any data on the infection rates. And even though 60 to 70 percent of people reportedly seek treatment in private hospitals and clinics, these hospitals do not have pneumonia-related data available for use. We need to work on this issue too.

It cannot be denied that the government has made some achievements in reducing pneumonia-related deaths and the overall child mortality rate in the country. But given the still-high death toll, it must do more to improve our health system so that no children die of any preventable diseases like pneumonia.

Denial syndrome is hampering our economic policies



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Since the national budget was placed five months ago, the country's economic situation has steadily deteriorated. This is visible on the balance of payments, and also in terms of revenue collection and public expenditure. The fiscal deficit seems to be steadily rising, and remittances and exports have experienced fluctuating fortunes. Bankers are having a field day, buying dollars cheap and selling at a higher price.

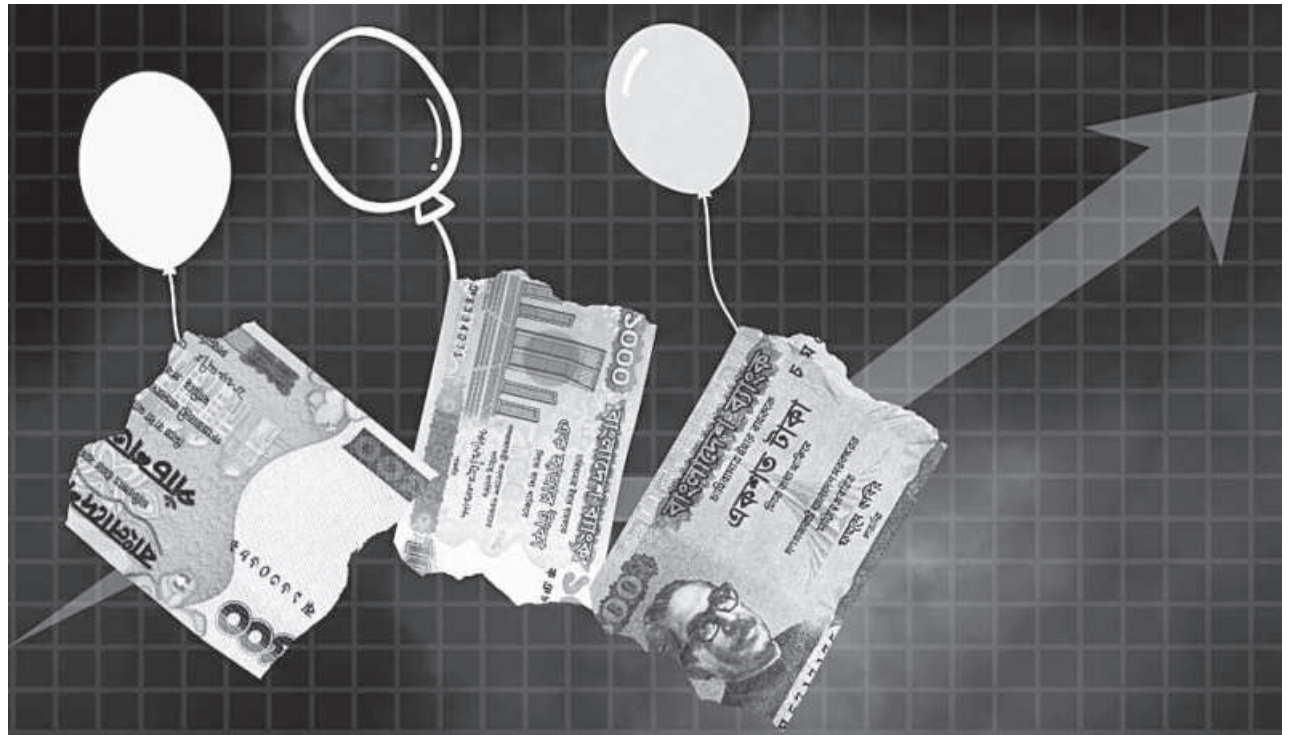
Our seven percent growth target has now been revised by external and international agencies to six percent. However, this is a tricky indicator – it is possible we can still achieve this because GDP growth rate has become like an expanding balloon that some say is devoid of any reality. However, it is concerning that the investment situation remains depressed.

The Russia-Ukraine war and global supply chain disruptions means domestic agricultural production has also become more important, although the government procurement targets are similar to last year – three lakh metric tonnes of paddy and five lakh metric tonnes of parboiled rice. And while migrant workers' numbers have increased, there is a mismatch between this and flow of remittances. Hundi transactions and pre-election illicit financial outflows are possible factors in this.

With regard to the interest rate, we have been operating on a 9-6 formula. The private sector argued it should be fixed due to high costs of capital in Bangladesh, and they were also permitted to borrow from abroad. That outstanding debt has now gone beyond USD 10 billion, with very little being paid back. The point is, the fixed interest rate system really did not lead to higher investment, although there are other major bottlenecks as well.

Overall, the situation looks very dire, but at the same time, economists should be careful about raising panic.

The critical question is, how did we arrive here? There are two dominant narratives currently doing the rounds. The official narrative, promoted by politicians and some bureaucrats, is that everything was fine until a storm of external factors hit us, including the war in Ukraine.



VISUAL: TEENI AND TUNI

The other narrative is that, while there are global issues such as volatility in food markets, fuel prices and other inputs, they do not form the whole story. There are what I call legacy issues, which were not addressed on time and have now combined with recent events to form a very dangerous state of affairs.

The official response to this is that even advanced economies are suffering. But we must remember the abilities of different economies in terms of dealing with those stresses. Our capacity is quite different from the US or a European country, who are able to spend more and manage their economy through various institutions. In the same way that a Covid patient with existing vulnerabilities is likely to be more at risk, Bangladesh has some built-in unattended vulnerabilities that are now creating problems for us.

So, what are these legacy issues? The first is that we have failed to push our tax-GDP ratio beyond nine percent, and that it heavily depends on indirect taxes. Where does all the money go? Today, if we had a 12

percent tax-GDP ratio, policymakers wouldn't have to think twice in terms of allocating more subsidies to the poor. We also didn't focus on the quality of public expenditures, leading to overvalued projects with dubious outcomes, wrong gestation periods, and high-cost funding. The steady increase of operating expenditures vis-à-vis development expenditures is also

the economy is under pressure but not in crisis. I'm not quite sure about that today. There are three types of crises: a creeping one, a slow burn, and a sudden crisis. The official narrative is that we are in a sudden crisis because of unpredictable external factors. I think we are between a creeping crisis and slow burn crisis, but are coming closer to the latter now because of the

a huge problem.

The banking sector is the soft belly of the whole thing. There is so much window dressing when it comes to the non-performing loan (NPL) amount, even though we know that there are provisioning and capital adequacy shortfalls. Even more importantly, the non-banking sector has been left unattended over the years, along with the stock/money market.

Subsidies are another area of concern. We must stress more on the quality of subsidies given by the government, rather than the amount. The composition of the subsidies is a more important matter. In economics, we always distinguish between whether the bad subsidies have taken over the good subsidies.

Ultimately, we really don't have the data to show what situation we are in. All professionals have been arguing for quarterly GDP growth and labour market figures. If we don't know how many people are employed and coming into the market, how can we make informed policy choices?

Three months ago, I mentioned that

absence of responses over the decade. The important question now is, are we coming out of our denial syndrome?

The government has responded to our economic woes belatedly, half-heartedly, without coordination, and without adequate follow-ups. Whilst I fully support the discreet measures that have been taken – including import control, marginal adjustment of the exchange rate, and public expenditures control – this kind of partial intervention that doesn't touch the interest rate or look at the fiscal side of things, will not be enough to address the fundamental issues.

Whatever we do, dealing with inflation has to be the anchor of that package. If that be the case, what should be our choice of tools? Any economist will tell you there is no silver bullet. The relaxing of the interest rate and slowing down of credit growth may be one way forward. On the other hand, we will have to carry on with giving social aid programmes to the poor. Regardless, the unfortunate truth is that the middle-class will still have a very tough time.

A New Journey for China

This article on the key takeaways from the CPC 20th National Congress is the first part of a two-part series.



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The Communist Party of China (CPC) convened its 20th National Congress from Oct 16 to Oct 22, 2022. Out of 96 million members of the world's largest political party, 2,296 CPC representatives gathered in Beijing for this solemn and historic occasion. The Congress, held at a critical moment in the process of the great rejuvenation of the Chinese nation, presents major and far-reaching significance for both China and the world at large.

The congress elects new leadership with Mr Xi Jinping continuing to serve as the General Secretary of CPC Central Committee. It is further established that Comrade Xi Jinping stands as the core of the Party and its Central Committee. Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, incorporated in the CPC constitution, is set as guidance for the Party to follow.

In his working report to the congress, General Secretary Xi Jinping comprehensively summarised China's achievements made under the leadership of CPC in the past decade, in particular during the five years since the last national congress of the CPC. Most notably, CPC embraced its founding centenary, socialism with Chinese characteristics entered a new era, China eradicated absolute poverty and finished building a moderately

prosperous society in all respects, thus completing the First Centenary Goal.

The success of CPC and socialism with Chinese characteristics is fundamentally attributed to Marxism, especially when it is adapted to the Chinese context and the needs of the times. Based on insights into governance by communist parties, development of socialism, and evolution of human society, CPC has made continuous exploration and theoretical innovation to trail the way of its own. The Congress urges the entire Party to always put the people first, to maintain self-confidence and stand on China's own feet, to uphold fundamental principles and break new ground, to adopt a problem-oriented approach, to apply systems thinking, and to maintain a global vision.

Gearing up for a new journey, the congress burdens the Party with the central task to lead the Chinese people of all ethnic groups in a concerted effort to realise the Second Centenary Goal of building China into a great modern socialist country in all respects, and to advance the rejuvenation of the Chinese nation on all fronts through a Chinese path to modernisation. It contains elements common to the modernisation processes of all countries, but is more characterised

by features unique to the Chinese context. To specify, it will be a peaceful process of modernisation in harmony with nature, with both material and cultural-ethical advancement for many and for all.

To achieve the aforementioned task, the congress vows to promote high quality development in the context of a new development pattern that focuses on China's domestic economy on the one hand, and features positive interplay between internal and international economic flows on the other hand. The roles of education, sci-tech, and talent are underscored. Innovation is deemed to be at the heart of China's modernisation drive. By strengthening whole-process people's democracy, the rule of law and cultural confidence-building, the people's wellbeing will be further improved. In line with the Beautiful China Initiative, the country will work toward carbon goals actively and prudently. The "one country, two systems" will be upheld, and CPC will unswervingly advance the cause of national reunification. Like always, China will dedicate itself to promoting the human community with a shared future. China never seeks hegemony or engages in expansionism.

As true Marxists, Chinese communists always keep clear-headed to the historical cycles of rise and fall, and have been consistently seeking ways to break through it. Besides "people's scrutiny" offered by Mao Zedong in 1947, CPC finds "self-reform" as the second solution to discipline the governing power. Applauding the resolute fight against corruption, the Congress reminds all Party members that full and rigorous self-governance is an unceasing endeavor and that

self-reform is a journey to which there is no end. Only by doing so would it be ensured that the Party will never change its nature, its conviction, or its character.

The agenda fixed by the congress, in particular the expounded Chinese path to modernisation, brings opportunities for global growth, promotes world peace, and provides an alternative for civilisation advancement. The propositions are warmly echoed around the globe, especially in Bangladesh. In her congratulatory message to General Secretary Xi Jinping, the Hon'ble Prime Minister Sheikh Hasina, also the Hon'ble President of Bangladesh Awami League, commends China's plan to build a modern socialist country through a new development philosophy and paradigm, appreciates China's continued support of the socioeconomic development aspirations of developing countries, and welcomes China's endeavors to build a human community with a shared future.

China and Bangladesh are strategic partners of cooperation and staunch supporters of multilateralism and an open world economy. The two countries have kept expanding common understanding and cooperation on a wide range of scopes. I am convinced that the 20th National Congress of CPC and its resolutions will inject fresh impetus into China-Bangladesh relations and bring new opportunities to Bangladesh's development. China is ready to work with Bangladesh to expand common interests and to pursue cooperation of higher quality at a higher level, thereby making our joint contribution to the advancement of the entire humanity.