

Global Rising Food Prices: What Bangladesh can do?

By Barrister Harun ur Rashid

Former Bangladesh Ambassador to the UN, Geneva.

It is the new face of catastrophe with a storm of food scarcity, global warming, rocketing oil prices and the world population explosion that is plunging humanity into the biggest crisis of the 21st century by pushing up food prices and spreading hunger and poverty in developing countries.

“Food scarcity means a big increase in the number of people going hungry,” says the World Food Programme’s Greg Barrow. “Without doubt, we are passing through a difficult period for the world's hungry poor.”

The FAO food price index is up nearly 44% per cent over the past 12 months. No wonder its impact has fallen adversely on Bangladesh. The price of rice, a staple food for Bangladeshis, has increased in retail and wholesale markets. For the last few months, it has been the talk of the economists and other experts as to why the price has risen and how to address the crisis. Various suggestions have been made in the media to cope with the predicament.

Why do the food prices rise?

Experts have provided many reasons and some of them deserve mention below:

First, climate change, such continuing drought over farming areas, has led to drastically reduce agricultural product. For example, in Australia, two-year drought and scarcity of water have reduced their wheat crop and farmers in rural Australia are in a bind as whether to sell land or to stay on farming.

Second, the world’s population is growing at more than 90 million a year. Growth of world population has added to the scarcity of food grains. By 2050, Bangladesh will have about 254 million people, according to UN. The world population is expected to hit nine billion by that time and most of the additional 2.5 billion people will live in the developing world.

Third, in almost every developing country, farming lands are being reduced by human settlements and industry as population grows. Farming lands are gradually been converted to grow biofuel and cash crops, instead of rice and wheat.

Furthermore, each pound of beef takes about seven pounds of grain to produce which means land that could be used to grow food for humans is being diverted to growing animal feed.

In the US, a drive toward greener fuels is compounding global food problems. It is estimated that one in four bushels of corn crop this year will be diverted to make fuel

ethanol. In Bangladesh many of the farming lands are being cultivated for cash crops, rather than growing rice and wheat.

Fourth, a number of food export countries have imposed restrictions on their exports and want to keep more of their food at home. Vietnam and India announced further curbs on overseas sales on 28th March sending rice price higher in world markets.

Fifth, the emergence of China's middle class is reportedly adding hugely to demand not just basic commodities, like corn, soybean and wheat but also for meat, milk and other high-protein foods. It is reported that a Chinese person now eat 50 kilograms a year, (just 20 kg in 2001).

The rising prices of food have caused distress among people in developing countries. Waves of discontent are already starting to be felt. Violent protests in Cameroon and Bourkina Faso in Africa took place in February. Protesters rallied in Indonesia and media reported deaths by starvation. In the Philippines, fast-food chains are being urged to cut rice portions to counter rise in prices.

The Director of the World Food Programme has been on a global tour in search of donations to fill a \$500 million funding gap caused by the rising prices.

Experts say that the world faces 10 to 15 years of steep rises in food costs unless governments make policy options to increase food productions. Some of them might have to make painful decisions in macro economic policy to feed their people.

There is a flip side of the food costs. The countries that have surplus food stock can get lucrative price for exports of rice and wheat. Some economists say that supply and demand chain will prompt farmers in many countries to increase the production and farmers have never had such a large incentive to grow more food grains. However it will take time.

Land tenure and food security:

Generally, resource or land tenure is defined as the legal and customary rules that govern an individual or a group's relationship to the land and its resource. Tenure determines who owns a resource, who can use or extract it, and who can exclude others from using it

Land tenure and food security have each been the subject of extensive—but generally separate—research in the past. Links between the two issues are now receiving increased attention It is acknowledged that there exists not just the conventional link between access to land and access to food in the short run, but also the recursive link between access to food and the ability to maintain sufficient resources to meet long-run needs.

Such a framework makes explicit the trade-offs that poor households may face in bad years between consumption and investment in non-labour assets. Perhaps less intuitively,

it also suggests that the need for self-insurance may force poor households to choose efficient crops or production strategies.

From an economic perspective, the question of land ownership together with agrarian reforms is linked to increased agricultural productivity, employment opportunity and other related development- issues.

Apart from economic functions, land ownership has a more profound social function. The distribution of land in just and fair manner impacts the quality of social fabric within the community. It fosters equity and justice.

Empowerment of farm workers through ownership of land appears to be an important pre-condition to increase in food production. Vietnam and West Bengal did it and food production increased. Vietnam, a food-deficit country, now has become exporter of rice, largely because of extensive land reforms.

Land reforms in Bangladesh:

One of the fundamentals in achieving this goal is to undertake comprehensive land reforms that eluded the national agenda of political leaders during the 37 years in Bangladesh. No serious debate took place in the parliament on this vital national issue. Land and agrarian reforms are vital to food security that in turn relates to national security.

In Bangladesh it is reported that 50% per cent households are landless and the number of landlessness has dramatically increased over the years. The richest 10% per cent own 40% per cent of land, while 10% per cent of poor only 1.84% of the land, according to a media report in 2004.

Economists have repeatedly suggested during the recent years that for increased agricultural production, comprehensive land reform is imperative. This may embrace consideration of absentee landlordism of farm lands, misuse of farm lands for industry (such as cold storage) for lower taxes and ceiling for agricultural for individuals/families.

Furthermore they suggested khas land (government-owned) could be distributed to landless farmers and such action will increase person-to-land ration, breaking the old age bondage of exploitation and poverty.

Conclusion:

The present economic model is premised on the centrality of markets. But the market forces themselves are a function of economic power and control. In cases in which economic resources and opportunities are widely distributed, economic activity may be best left to market forces band individuals.

But in societies in Bangladesh with a skewed distribution of natural resources (including land) and opportunities, a free play of market forces tend to marginalize an increasing proportion of people in the country, without state intervention through reforms. In that circumstance, land reform is a vital key to increased food production in Bangladesh.