

Markus Keck

Navigating Real Markets

The Economic Resilience of Food Wholesale Traders
in Dhaka, Bangladesh

Geographie

Megacities and Global Change
Megastädte und globaler Wandel
Band 19

Franz Steiner Verlag



Markus Keck
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MEGASTÄDTE UND GLOBALER WANDEL

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Frauke Kraas, Martin Coy, Peter Herrle und Volker Kreibich

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In memory of Korshed Alam (*25.01.1966, †17.11.2012)

TABLE OF CONTENT

LIST OF FIGURES.....	x
LIST OF TABLES	xi
LIST OF PHOTOGRAPHS	xii
LIST OF TEXT BOXES	xiii
PREFACE.....	xv
1. INTRODUCTION.....	1
1.1 AIM OF THE STUDY	1
1.2 OUTLINE OF THE STUDY	3
2. NAVIGATING REAL MARKETS	7
2.1 GEOGRAPHY OF FOOD SYSTEMS	8
2.1.1 Food Production	8
2.1.2 Food Distribution	9
2.1.3 Food Systems	10
2.1.4 Resilience in Food Systems.....	12
2.2 SOCIAL RESILIENCE	13
2.2.1 What is Resilience?	13
2.2.2 What is Social Resilience?	15
2.2.3 Three Capacities of Social Resilience	18
2.2.4 Anchoring Resilience in Social Theory	19
2.3 EMBEDDED AGENCY	20
2.3.1 From Structural to Institutional Embeddedness	20
2.3.2 Institutions.....	22
2.3.3 Actors	24
2.3.4 Knowledge and Practice.....	25
2.4 REAL MARKETS	28
2.4.1 What are Markets?	28
2.4.2 Markets and Practice	30
2.4.3 Markets and Networks	32

2.4.4 Markets and Arenas.....	35
2.5 RÉSUMÉ.....	37
3. METHODOLOGY.....	40
3.1 TRIANGULATION.....	40
3.2 QUANTITATIVE METHODS.....	43
3.2.1 Locating Food Markets.....	43
3.2.2 Recording Sales Volumes.....	44
3.2.3 Surveying Wholesale Traders.....	44
3.3 QUALITATIVE METHODS.....	46
3.3.1 Observing the Food System.....	46
3.3.2 Interviewing Wholesale Traders.....	47
3.3.3 Using Participatory Tools.....	49
3.4 LIMITATIONS OF THE STUDY.....	51
4. THE FOOD SYSTEM OF DHAKA.....	52
4.1 THE MEGACITY OF DHAKA.....	52
4.1.1 History of Dhaka.....	52
4.1.2 From City to Megacity.....	56
4.2 RICE FOR THE MEGACITY.....	61
4.2.1 Rice Production in Bangladesh.....	61
4.2.2 Availability of Rice in Dhaka.....	66
4.2.3 Accessibility of Rice in Dhaka.....	71
4.3 FISH FOR THE MEGACITY.....	76
4.3.1 Fish Production in Bangladesh.....	76
4.3.2 Availability of Fish in Dhaka.....	81
4.3.3 Accessibility of Fish in Dhaka.....	85
4.4 RÉSUMÉ.....	90
5. FOOD WHOLESALE MARKETS IN DHAKA.....	93
5.1 DHAKA'S FOOD WHOLESALE MARKETS.....	93
5.1.1 The Emergence of Dhaka's Food Wholesale Markets.....	93
5.1.2 The Characteristics of Dhaka's Food Wholesale Markets.....	97
5.2 DHAKA'S VALUE CHAINS FOR FOOD.....	102

5.2.1 The Value Chain for Rice.....	102
5.2.2 The Value Chain for Fish.....	111
5.3 RICE AND FISH WHOLESALE TRADERS IN DHAKA	119
5.3.1 The Traders	119
5.3.2 The Stores.....	124
5.4 RÉSUMÉ.....	130
6. THE RESILIENCE OF FOOD WHOLESALE TRADERS IN DHAKA ..	134
6.1 THE EMBEDDEDNESS OF FOOD WHOLESALE TRADERS	135
6.2 MARKETS AS PRACTICE: FOOD WHOLESALE TRADERS’ COPING CAPACITIES	143
6.2.1 Delivery of Goods	143
6.2.2 Sale and Price Building	146
6.2.3 Accountancy and Restocking	152
6.3 MARKETS AS NETWORKS: FOOD WHOLESALE TRADERS’ ADAPTIVE CAPACITIES.....	157
6.3.1 Exposure and Sensitivity to Business Risks.....	157
6.3.2 Trust in Business Relations	163
6.3.3 Diversification of Networks	170
6.4 MARKETS AS ARENAS: FOOD WHOLESALE TRADERS’ TRANSFORMATIVE CAPACITIES	179
6.4.1 Food Wholesale Traders in the Urban Arena.....	179
6.4.2 Urbanization and the Problem of Place.....	183
6.4.3 Dealing with Informality	187
6.5 RÉSUMÉ.....	199
7. CONCLUSION	204
BIBLIOGRAPHY.....	211
APPENDIX.....	227

LIST OF FIGURES

Figure 1: Research framework.....	6
Figure 2: Actors-institutions loop.....	27
Figure 3: Geography of markets – Conceptual framework	39
Figure 4: Population growth of Dhaka (1901–2010).....	58
Figure 5: City size ranking of municipalities and SMAs in Bangladesh.....	60
Figure 6: Food grain production, import and requirement in Bangladesh (1971–2011).....	62
Figure 7: Cropped area and average annual yield of rice in Bangladesh (1971–2006).....	63
Figure 8: Food consumption in urban areas and in Dhaka City (from left to right).....	67
Figure 9: Rice consumption in Dhaka City	70
Figure 10: Total catch and net availability of fish in Bangladesh (1989–2009)....	78
Figure 11: Average annual catch of fish in Bangladesh (1989–2009)	79
Figure 12: National fish production and urban consumption in Dhaka City (from left to right).....	82
Figure 13: Fish consumption in Dhaka City.....	84
Figure 14: Proportion of total rice turnover in Dhaka City by market	99
Figure 15: Distribution of rice wholesalers by market	100
Figure 16: Proportion of total fish turnover in Dhaka City by market	100
Figure 17: Distribution of fish wholesalers by market	100
Figure 18: The value chain for coarse rice to Dhaka.....	110
Figure 19: The value chain for carps to Dhaka.....	118
Figure 20: Distribution of rice and fish wholesale traders by age.....	119
Figure 21: Distribution of rice and fish wholesale traders by educational level .	120
Figure 22: Wholesale traders’ residency in Dhaka.....	122
Figure 23: Distribution of rice wholesale traders by region of origin	123
Figure 24: Distribution of fish wholesale traders by region of origin	123
Figure 25: The personal network of Bashir	137
Figure 26: The personal network of Gilgad.....	140
Figure 27: Rice wholesale traders’ exposure to business risks.....	159
Figure 28: Fish wholesale traders’ exposure to business risks	160
Figure 29: Rice and fish wholesale traders’ susceptibility to business risks	161
Figure 30: Wholesale traders’ number of suppliers per year.....	171
Figure 31: Number of rice and fish types dealt by wholesale traders.....	174
Figure 32: Wholesale traders’ number of customers	176
Figure 33: The structure of wholesale traders’ business networks.....	178

LIST OF TABLES

Table 1: Three capacities of social resilience	18
Table 2: Rice market survey 2009–2010	44
Table 3: Fish market survey 2009–2010.....	45
Table 4: List of qualitative interviews	48
Table 5: Codes for the analysis of qualitative data.....	48
Table 6: List of participatory tools	50
Table 7: Gross food availability in Dhaka City	66
Table 8: Average annual rice wholesale prices in Dhaka (2009–2010)	69
Table 9: Seasonal changes in supply at Dhaka’s rice markets	72
Table 10: Seasonal price changes of major rice types at Dhaka’s wholesale markets	73
Table 11: Daily price changes of major rice types at Dhaka’s wholesale markets	74
Table 12: Recent price trends of major rice types at Dhaka’s wholesale markets.	75
Table 13: Average annual fish wholesale prices in Dhaka (2009–2010)	83
Table 14: Seasonal changes in supply at Dhaka’s fish markets	86
Table 15: Seasonal price changes of major fish types at Dhaka’s wholesale markets.....	87
Table 16: Daily price changes of major fish types at Dhaka’s wholesale markets	88
Table 17: Recent price trends of major fish types at Dhaka’s wholesale markets.	90
Table 18: Characteristics of food wholesale markets in Dhaka City.....	97
Table 19: Distribution of arising costs, net margin and consumers’ expenditure for domestically produced coarse rice (local variety) by value chain actors	109
Table 20: Distribution of arising costs, net margin and consumers’ expenditure for domestically raised <i>Rui</i> Carp by value chain actors.....	117
Table 21: Workforce of rice and fish wholesale stores	125
Table 22: Shop size of rice and fish wholesale stores	126
Table 23: Daily turnover of rice and fish wholesale stores	127
Table 24: Capital invested by rice and fish wholesale stores	129
Table 25: Annual sales of rice and fish wholesale stores	129
Table 26: Assessment of rice wholesale traders’ business relations	166
Table 27: Assessment of fish wholesale traders’ business relations	167
Table 28: Total annual turnover of wholesale traders via regular suppliers.....	168
Table 29: Total annual turnover of wholesale traders via regular customers.....	169
Table 30: Supplier diversity of rice and fish wholesale traders.....	172
Table 31: Spatial diversity of supplies of rice and fish wholesale traders.....	173
Table 32: Product diversity of rice and fish wholesale traders.....	175
Table 33: Customer diversity of rice and fish wholesale traders.....	177

LIST OF PHOTOGRAPHS

Photo 1: Paddy nurturing fields, Kushtia Municipality, 17.12.2007	102
Photo 2: Irrigated paddy fields, Jessore, Boro Bazar, 12.02.2009	102
Photo 3: Seasonal labor, paddy harvest, Kushtia Municipality, 17.12.2007	103
Photo 4: Paddy threshing cycle, Kushtia Municipality, 17.12.2007	103
Photo 5: Paddy steamer, Kushtia Municipality, 17.12.2007	104
Photo 6: <i>Chatal</i> , Kushtia Municipality, 17.12.2007	104
Photo 7: Rice milling machine, Kushtia Municipality, 17.12.2007	105
Photo 8: <i>Tush</i> and <i>kura</i> , Kushtia Municipality, 17.12.2007	105
Photo 9: Rice sorting machine, Kushtia Municipality, 17.12.2007	106
Photo 10: <i>Mora chal</i> (in the middle), Kushtia Municipality, 17.12.2007	106
Photo 11: Rice delivery by rickshaw, Dhaka City, Babubazar, 26.02.2008	107
Photo 12: Rice retail store, Dhaka, Tongi, 23.09.2007	107
Photo 13: Land port “Panama”, Dinajpur, Hili, 19.12.2007	108
Photo 14: Transshipment of import rice, Sirajganj Municipality, 20.12.2007	108
Photo 15: Carp breeding tank, Gov. Fish Seed Multiplication Farm, Khulna Municipality, 08.02.2009	111
Photo 16: Incubator with carp eggs, Jagaroni Chakra Foundation, Jessore Municipality, 11.02.2009	111
Photo 17: Carp post-larva, Jagaroni Chakra Foundation, Jessore Municipality, 11.02.2009	112
Photo 18: Cultivating fry in private hatchery, Jessore Municipality, 12.02.2009	112
Photo 19: Netting of fingerlings, Jagaroni Chakra Foundation, Jessore Municipality, 11.02.2009	113
Photo 20: Harvesting of carps, Jagaroni Chakra Foundation, Jessore Municipality, 11.02.2009	113
Photo 21: <i>Gher</i> , Khulna, Botiaghata Upazilla, 08.02.2009	114
Photo 22: Professional fish farm, Jessore Municipality, 12.02.2009	114
Photo 23: Transport of fish in drums, Savar, Banktown, 18.01.2009	114
Photo 24: Transport of fish in baskets, Jessore, Boro Bazar, 12.02.2009	114
Photo 25: Hawkers prepare for business, Dhaka City, Kawran Bazar, 31.03.2008	116
Photo 26: Retailer on kitchen market, Dhaka City, Khilgaon, 24.09.2007	116
Photo 27: Rice wholesale store, Dhaka City, Badamtuli, 13.11.2007	126
Photo 28: Rice wholesale store, Dhaka City, Kochukhet, 06.02.2008	126
Photo 29: Fish vending sites, Dhaka City, Kawran Bazar, 25.01.2008	127
Photo 30: Fish vending sites, Dhaka City, Merul Badda, 08.03.2009	127
Photo 31: Laborer rest for night turn, Dhaka City, Badamtuli, 25.01.2008	144
Photo 32: Laborer replenish rice stocks, Dhaka City, Badamtuli, 25.01.2008	144
Photo 33: Laborer unload frozen fish, Dhaka City, Kawran Bazar, 29.01.2009 .	145
Photo 34: Sleeping accommodation, Dhaka City, Kawran Bazar, 29.01.2009 ...	145
Photo 35: Displayed rice samples, Dhaka City, Badamtuli, 13.11.2007	147
Photo 36: <i>Godi</i> , Dhaka City, Badamtuli, 07.04.2009	147
Photo 37: <i>Bonga</i> , Dhaka City, Kawran Bazar, 04.02.2008	147

Photo 38: Hook, Dhaka City, Badamtuli, 13.11.2007	147
Photo 39: Laborer lifting bag of 85 kg, Dhaka City, Badamtuli, 25.01.2008	148
Photo 40: Delivery of rice bags, Dhaka City, Badamtuli, 26.02.2008	148
Photo 41: Displayed frozen fish, Dhaka City, Kawran Bazar, 31.03.2008	150
Photo 42: Displayed live fish, Dhaka City, Kawran Bazar, 31.03.2008	150
Photo 43: Weigher at work, Dhaka City, Kawran Bazar, 31.03.2008	151
Photo 44: Accountant at work, Savar, Bank Town, 18.01.2009.....	151
Photo 45: Helper amidst live fish, Dhaka City, Kawran Bazar, 31.03.2008	152
Photo 46: Auctioning of small fish, Dhaka City, Kawran Bazar, 31.03.2008.....	152
Photo 47: Manager at work, Dhaka City, Jatrabari, 06.02.2008.....	153
Photo 48: Account books, Dhaka City, Krishi Market, 10.03.2008	153
Photo 49: Krishi Market before demolition, 25.12.2006	189
Photo 50: Krishi Market after demolition, 27.02.2010.....	189
Photo 51: Structure of store before demolition, Dhaka City, Krishi Market, 10.03.2008	189
Photo 52: Store after demolition, Dhaka City, Krishi Market, 10.03.2008	189
Photo 53: Warehouse under bridge, Dhaka City, Badamtuli, 07.12.2007.....	191
Photo 54: Warehouse under bridge, Dhaka City, Badamtuli, 07.12.2007.....	191
Photo 55: Workers' shelter at railway, Dhaka City, Kawran Bazar, 01.04.2008	193
Photo 56: Advertisement of hotel, Dhaka City, Kawran Bazar, 01.04.2008.....	193
Photo 57: Merul Badda, Wholesale Market, 17.01.2003.....	196
Photo 58: Merul Badda, Wholesale Market, 22.06.2006.....	196
Photo 59: Merul Badda, Wholesale Market, 12.07.2006.....	196
Photo 60: Merul Badda, Wholesale Market, 23.03.2010.....	196

LIST OF TEXT BOXES

Box 1: A paddy farmer in Jessore.....	103
Box 2: A rice miller in Kushtia.....	105
Box 3: A <i>gher</i> owner in Jessore.....	113
Box 4: Freight forwarding agents and truck drivers in Dhaka	115
Box 5: A rice wholesale trader in Dhaka and his business relations	136
Box 6: A fish wholesale trader in Dhaka and his business relations	139

PREFACE

This study was not prepared in isolation. I was embedded in a network of people all along. I am deeply grateful for the active support that was shown to me by numerous people and for the chance to conduct this study in the first place. I would like to express my cordial gratitude to the following people: to Hans-Georg Bohle for being a thoughtful mentor and an inspiring academic in the field of critical human geography; to Wolfgang-Peter Zingel for making me understand that economics is basically about people – not about numbers and figures alone; to Benjamin Etzold for sharing with me a never fading interest in asking what geography is and should be about; to Shafique uz Zaman for showing me that strong arguments do not necessarily need loud voices to be heard; to Shahidul Haque for his constant will and readiness to give his level best; to Korshed Alam for proving me the possibility to be a critical thinker without losing the lust for life; to my dear fellows of “shatash number road” for company, food for thought and for conjointly creating a feeling for the place in Dhaka; to Snigdha Brian for teaching me “amar shonar Bangla”; to Patrick Sakdapolrak, Sebastian Jülich, Anna Zimmer, Thomas Schmitt, Jonas Hermsen, Johanna Kramm, Michael Eichholz and Sebastian Homm for being partners on the sometimes rough road toward becoming a researcher and for ongoingly asking: “Why are we doing this?”; to all my interview partners for letting me partake in their lives and businesses; and to Sheli for making me feel home in Dhaka. Furthermore, I am sincerely thankful to Frauke Kraas for courageously coordinating the priority program “Megacities – Megachallenge: Informal Dynamics of Global Change” without compromising scholars’ potentials to develop their own perspectives; to Harald Sterly for his strong commitment in bringing people together to share thoughts and learn from each other; to Gerd Storbeck, Martin Gref, Gabriele Bräuer-Jux, and Stefan Zöldi for making meaningful maps out of my ideas and sketches; to Irene Hillmer, Kristina Kümper-Schlake, Sonja Raupp, Miron Schmude and Gerdis Wischnath for giving me a helping hand to tackle all the small things that need to be done for a study of this size; and to the German Research Foundation (DFG) for funding this study within the project “The mega-urban food system of Dhaka/Bangladesh” (Grant No. BO 680/35–1/2). Last but not least, I would like to thank Daniela Geinitz and Felix Geinitz for never stopping to place their confidence on me.

Markus Keck

1. INTRODUCTION

“Its trees were burned decades ago, its hills leveled and the fresh ponds drained and filled [...]. Reaching out urbanizing tentacles from its island home, the city has become a megalopolis [...]: a slab of primordial granite and metamorphic rock bounded on all sides by water, squatting like a steel and stone spider in the midst of its web of bridges, tunnels, tubes, cables and ferries. [...]here seems to be no limit to the people crowding here. They press in from the outside and raise their families, and their children and their children’s children raise families, until this city is populated as no other city has ever been in the history of the world”.

Harry Harrison (1966: 11)

1.1 AIM OF THE STUDY

Hardly any other city in the world grew as fast during the last decades as the capital of Bangladesh. Due to the political violence in the aftermath of the declared independence in 1971, Dhaka’s population growth reached a peak with annual rates of 8.9 percent. This meant nearly a doubling of the city’s population in not more than eight years. Although the urban growth rate decreased gradually to 3.5 percent (World Bank 2007), Dhaka’s pace of urbanization has remained high until today due to ongoing rural-urban migration (Siddiqui et al. 2000). Every year, the city becomes the new residence of approximately 450,000 people. In 1951, Dhaka had a population of 336,000 (BBS 1951 after Islam 2005). Today there are roughly 14.2 million¹ (Islam 2010): 42 times more inhabitants than before.

When I visited Dhaka for the first time, I was simply shocked by the mere number of people who moved back and forth through the labyrinth-like road networks. I remember very well one of my first CNG² rides through the city. It was August and while the monsoon rainfalls got less and less, heat and dust reconquered mastery over the city. Out of my vehicle I saw an old looking woman who sat under a sunshade and mashed bricks in order to sell the obtained “soil” as filling material. Behind her two garbage collectors searched through mountains of foul-smelling waste for items still usable. Not two meters away, a white-collar professional sat in his air-conditioned four-wheel drive truck behind shadowed

1 While the first figure refers to the area of the Dhaka City Corporation (DCC) with an extension of 145 square kilometers, the latter number refers to Dhaka Metropolitan Development Planning Area (DMDP) with a size of 1,528 square kilometers.

2 The autorickshaws in Dhaka are run by compressed natural gas, from which the name “CNG” stems from. The vehicles were converted at the behest of the government, mostly on private workshops, from the mid-1990s onwards in order to reduce air pollution and greenhouse gas emissions in Bangladesh’s cities (Rahman 2006a).

window glass focussing on the screen of his laptop computer. In roughly one hundred meters height behind him I realized the vitreous façade of a skyscraper under construction. ... I felt like someone had transferred me into the unsettling dystopia “Make Room! Make Room!”, in which Harry Harrison (1966) described the hardships of human life in a world driven by overpopulation and depleted resources, in which only a small elite can afford vital means while the masses of people suffer from the harsh consequences of environmental pollution, ongoing supply crises and extreme poverty.³

In subsequent years, I realized that I was not alone with this feeling. In the literature, megacities in the Global South are regarded as risk areas (Kraas 2008). Due to the concentration of people, their unprecedented growth rates, their complexities, and their dynamism, these agglomerations are seen as one of the major challenges of contemporary urbanization (Kraas 2010).⁴ From a development perspective, the concern is about the expected loss of urban governability, the uncontrolled spread of informality, crime and violence, and the inexorable increase of deprivation and vulnerability (Bronger 2004; Kraas & Mertins 2008; Satterthwaite 2005). Of central concern in this regard is the supply of megacities with resources essential for survival, such as water, energy or food. Megacities are seen to be particularly prone to supply crises (Kraas 2003). Against this background, I assume, one major proposition drives the entire international research initiative: Megacities are taken to be synonymous with human misery and hardship, whereas a seemingly “natural” link is established between the concentration of people and an expected urban crisis.

I gathered my first impressions of the megacity of Dhaka in 2007, a time when a rapid rise in food prices pushed hundreds of millions of people around the globe into hunger and poverty – especially in cities (Cohen & Garrett 2010; FAO 2011; Ruel et al. 2010). In Bangladesh, this global food crisis was exacerbated due to the fact that it was accompanied by an ecological and a political crisis. The ecological crisis resulted from the combined effects of the 2007 monsoon floods and Cyclone Sidr (November 2007) and brought devastation, destroying much of the paddy crop in Bangladesh’s North and South (Webster et al. 2010). Consequently, the country had to import large quantities of food grain just when world market prices started to rise to unprecedented heights. In consequence, the “rice nation” of Bangladesh was particularly sensitive to the global food price hike of 2007/2008 (FAO 2011; World Bank 2010). This economic crisis most severely

3 Cf. the quote at the beginning of this chapter.

4 This fact is reflected in a number of interdisciplinary research programs that work on the topic since 2005, among them “Risk Habitat Megacity” (German Helmholtz Association), “Emerging Megacities: Research for the Sustainable Development of the Megacities of Tomorrow” (German Ministry of Education and Research), “Megacities-Megachallenge: Informal Dynamics of Global Change” (German Research Foundation), “Urbanization and Global Environmental Change” (International Human Dimensions Program), “Urban Resilience” (Resilience Alliance), and most recently “North-South-Network on Urban Self-Organization. Public Life in Europe, India and China” (European Union).

affected the country's urban poor, because they primarily rely on their cash income for accessing food, and thus face difficulties if prices rise rapidly while their income does not (Zingel et al. 2011). In addition, 2007 and 2008 were marked by a political crisis in Bangladesh, as the 2006 elections were suspended and a caretaker government took control. This military-backed interim government was supposed to remain in power for three months, until free and fair elections could take place. In fact, it ended up maintaining control of the country for two years in an effort to re-establish law and order and eradicate corruption throughout the political-economic system. Yet most visible among the interim government's actions were large-scale slum clearance drives and evictions of informal markets, which again affected the livelihoods of the urban poor severely (IGS 2008; Siddiqui et al. 2010).

This multidimensional crisis had devastating effects in the country's capital, the megacity of Dhaka. Nevertheless, a large-scale catastrophe was prevented. Although Dhaka's supplies were repeatedly disconnected as a result of production shortfalls and road blocks due to flooding, there was always enough food in the city (Keck et al. 2012). Even though the interim government evicted thousands of hawkers, street food was still available and the sale of prepared food was not substantially disturbed (Etzold 2013). And finally, even though the prices of staples rose by more than 100.0 percent within two years (MoA 2009), most of the urban poor found ways to endure the crisis (Zingel et al. 2011). Against this background, I want to raise the following questions: Who are the people who constitute Dhaka's food system? How did they make it robust enough to avoid a catastrophe of even larger dimensions? And what hardships did they bear in building and maintaining this resilience? By answering these questions on the basis of empirical evidence, I attempt to contribute to the deconstruction of megacities as synonyms for human misery and hardship – not by overlooking poverty, exclusion and vulnerability that without doubt exist in Dhaka, but by highlighting people's strengths, their confidence and their capacities to hang on despite all difficulties.

1.2 OUTLINE OF THE STUDY

Geographers have contributed a lot to improve our common understanding of food systems and food security worldwide. With this study I want to add to this knowledge. I do this by diverging from other studies in three respects: 1) With a focus on the food system of Dhaka, I place attention on food security in cities in contrast to other studies that focus on rural areas (cf. Adhikari & Bohle 1999; Bohle et al. 1993; Devereux 2007; Dittrich 1995; Raithelhuber 2001; Rettberg 2009; Tröger 2004; Van Dillen 2004; Watts 1983). Even though in recent years, a number of studies on urban food systems have been put forward (Bohle & Adhikari 2002; Gertel 1995, 2010; Lohnert 1995), until today, food distribution in cities is least understood (Bohle et al. 2009). 2) While most of the above mentioned studies put the focus either on food production and food-short regions or on food consumption and food-insecure people, I concentrate on the locations where food

enters the city, i.e. on wholesale markets, from where food flows into the various channels of the intra-urban food system. By doing so, I seek to meet Maureen Mackintosh's (1990) call to study "real" food markets that she perceives as crucial link in the food system which determines who eats, how much and when. 3) Instead of asking for those factors and dynamics that make food systems vulnerable (cf. Blaikie et al. 1994; Bohle et al. 1994; Chambers 1989; Swift 1989; Watts & Bohle 1993), I shift attention to the resilience of Dhaka's food system (cf. Bohle et al. 2009; Ericksen et al. 2010; Le Vallée 2008). From this vantage point, the focus of this study shall be directed toward people's strengths to cope with and recover from adversities despite their limited resources and to their potentialities to develop institutions that improve their individual welfare and foster societal robustness toward future crises. I do this by emphasizing the particular role that wholesale traders play for feeding a megacity like Dhaka in the face of stress and crisis. By taking rice and fish as cases, I am in a position to compare the merchants' situations in markets for perishable and non-perishable goods.

This study exhibits the following structure: In the second chapter, I present key theoretical considerations and develop the conceptual framework that serves as guideline for the latter analysis. In the first part, I provide an outline to the contemporary *geography of food systems* and its current debate on vulnerability and resilience. In the second part, I compose a people-centered approach to *social resilience* which stands opposite to systems-oriented interpretations of resilience that are popular in the current debate on food systems and global environmental change. In the third part, I anchor the notion of social resilience in neoinstitutional organization theory and transfer it from development studies to economic geography in order to make it fruitful for the study of *real markets*. Real markets – the focus of part four – are understood as partly localized, partly virtual social spaces that comprise a set of institutions and a number of actors who are mutually interlinked by social relations, who possess divergent power resources, and who organize repeated exchange of goods while following the general aim to ensure the survival of their business organizations (Fligstein 1996, 2001; Fligstein & Dauter 2006). Three levels of analysis are distinguished for the study of food markets in Dhaka, i.e. *practices*, *networks* and *arenas*, which together reflect actors' structural and their institutional embeddedness. In the fifth part, eventually, I summarize the findings of the theory chapter and specify the concern of this study: This is to study the *economic resilience* of food wholesale traders to business related risks and political uncertainties with the aim to understand the specific role they play for Dhaka's food system.

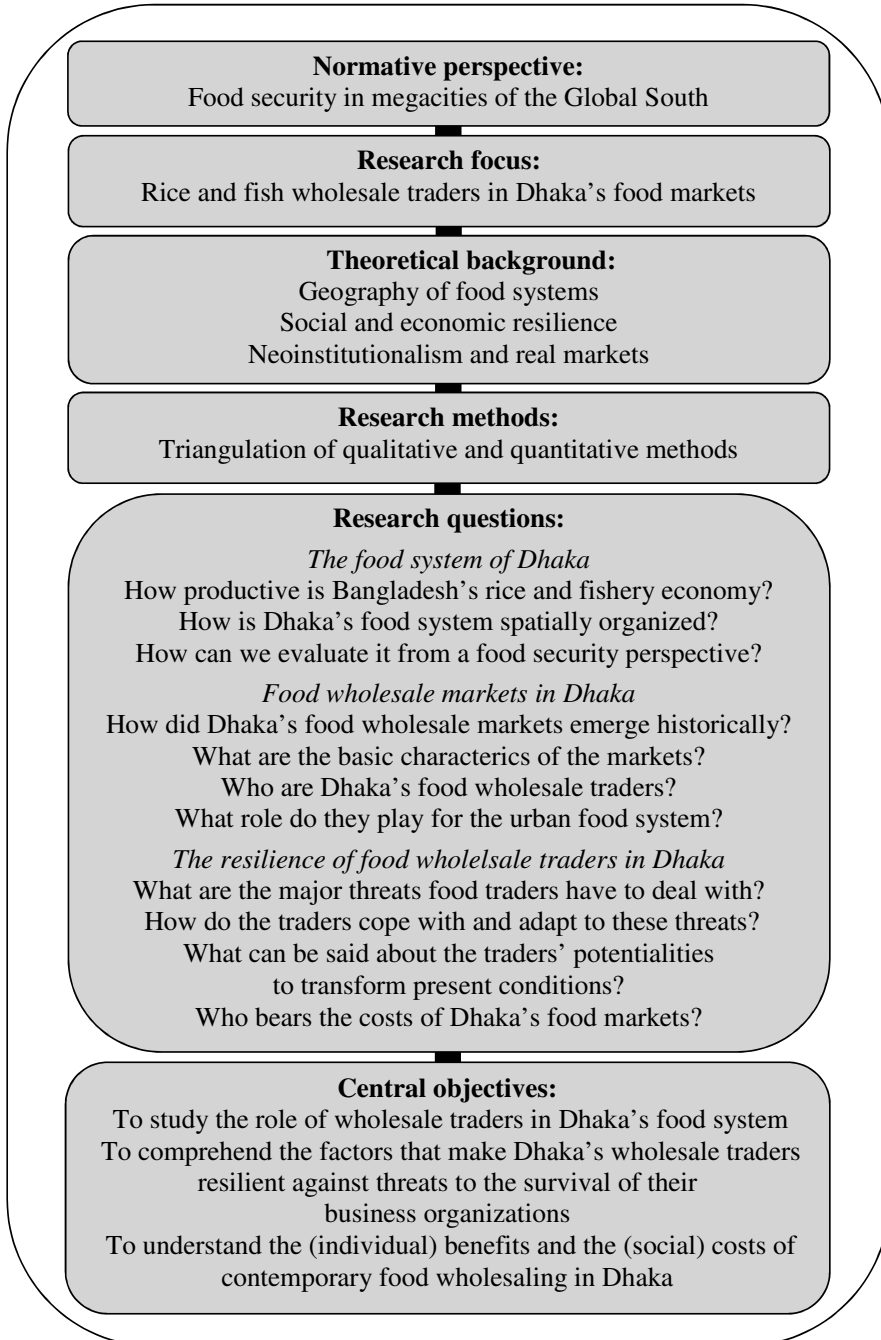
In the third chapter, I depict the methodology of the study. For data collection and analysis I resorted to the *triangulation of qualitative and quantitative research methods*. Mappings provided insights into the spatial organization, recent developments and present dynamics of the megacity's food system. Observations, guided interviews and focus group discussions were of great use for getting insights into the everyday practices and personal perceptions of the wholesalers, and for revealing prevalent governance modes in Dhaka's food markets. Venn-diagrams, a participatory research tool, were of particular avail for understanding

the meaning of the merchants' business relations. Standardized surveys allowed for testing the representativeness of findings of the ethnographic field work, and proved to be indispensable for capturing the different structures of the wholesale traders' business networks.

The empirical results of this study are presented in the chapters four, five and six. The fourth chapter ("*The food system of Dhaka*") serves to equip the reader with the research context and illustrates the current situation and robustness of Dhaka's food system. In the first part, I retrace Dhaka's history and its development from city to megacity. In part two and three, I introduce Bangladesh's rice and fishery economy, present recent production figures and assess Dhaka's food system in terms of food availability and food accessibility. My principal research questions in this part are: How productive is Bangladesh's rice and fishery economy? How is Dhaka's food system spatially organized? And how can we evaluate it from a food security perspective? In chapter five ("*Food wholesale markets in Dhaka*"), I change the perspective and introduce Dhaka's food markets and its actors to the reader. In the first part, I present how the numerous wholesale markets for food emerged in Dhaka in the past century. Subsequently, I outline Dhaka's value chains for rice and fish in order to highlight the role that wholesale traders play for the urban food system. I complement this rather abstract description by more concrete figures on the very people who are involved in food wholesale trading in Dhaka and on their business organizations. My guiding questions in this section are: How did Dhaka's food wholesale markets emerge historically? What are the basic characteristics of these markets? Who are Dhaka's food wholesale traders? And what role do they play for the urban food system? After having answered these questions, the ground is prepared for discussing "*The resilience of food wholesale traders in Dhaka*" in chapter six. In a first step, I outline the food traders' embeddedness in their business networks and depict basic organizational patterns of the food wholesale business that are fundamental for the traders' *capacities to cope* with their everyday business. Afterwards, I ask for major threats to the more long-term survival of the business organizations in Dhaka's wholesale trade and present evidence on what I call the *adaptive capacities* of the traders. Finally, I shift attention to the wholesalers' position in the urban arena and to their potentialities for upgrading and development. Particular emphasis in this regard is put on the access to and appropriation of public places for marketing purposes, which turns out to provide key insights into underlying power structures of Dhaka's food markets and into the traders' so-called *transformative capacities*. My key questions in this part are: What are the major threats food traders have to deal with? How do the traders cope with and adapt to these threats? What can be said about the traders' potentialities to transform present conditions? And, finally, who benefits from the current system and who bears its costs?

The seventh chapter eventually provides space for a summary of findings and for some reflections on the meaning of this study for future research on megacities, urban food systems, real markets and social resilience. Figure 1 shows the research framework of this study.

Figure 1: Research framework



Source: Own draft

2. NAVIGATING REAL MARKETS

“Absorb what is useful, discard what is not, add what is uniquely your own”

Bruce Lee (1940-1973)

In this chapter I am going to craft the conceptual framework of this study. The chapter is divided into four sections: The first one provides the reader with a short introduction to the geography of food security and retraces its trajectories from Malthus’s theory of famines to the actual call for resilience in globalized food systems. In the second section, the notion of resilience is re-framed from a social science perspective. Based on a critical review of recently published literature on the issue, social resilience is defined to comprise three dimensions: 1) Coping capacities: the ability of social actors to cope with and overcome all kinds of adversities; 2) adaptive capacities: their ability to learn from past experiences and adjust themselves to future challenges in their everyday lives; and 3) transformative capacities: their ability to craft sets of institutions that foster individual welfare and sustainable societal robustness towards future crises.

Such a people-oriented understanding of resilience presumes a profound theoretical model of human agency, which is developed in the third section. Based on a critique of Marc Granovetter’s (1985) embeddedness approach, a call is made for an attention shift from actors’ structural to their institutional embeddedness. Programmatically positioned in the center of this chapter, an “actors-institutions loop” is developed that brings about the underlying theoretical key concepts of this study, i.e. institutions, actors, knowledge and practice. This heuristic allows to elaborate in the fourth section an explicit understanding of real markets, which are conceived to be constituted by the continuous interplay of powerful actors who create specific institutional arrangements in order to resolve fundamental coordination problems of interaction and exchange, and thus (re)produce – either implicitly or explicitly – the social order that constitutes markets as institutional facts. Section five provides a summary.

I quote the famous martial artist Bruce Lee at the beginning of this chapter in order to express my personal attitude toward theory in general and the modus operandi of this chapter in particular. As Taoist and Buddhist philosopher, Bruce Lee argues for not following only one scholar in an orthodox manner, but for taking into account various schools of thought and different academic disciplines and for choosing one’s own perspective on the basis of a careful consideration of arguments.

2.1 GEOGRAPHY OF FOOD SYSTEMS

2.1.1 Food Production

Thomas R. Malthus (2007[1798]) – well known as founding father of theoretical concern with food security – argued in his “Essay on the Principles of Population” that “[t]he power of population is indefinitely greater than the power in the earth to produce subsistence for man. Population, when unchecked, increases in a geometrical ratio. Subsistence increases only in an arithmetical ratio” (ibid.: 13f.). Malthus argued that the exponential population growth would sooner or later exceed available food supplies as the food production curve shows only a linear slope. He concluded: “The constant effort towards population [...] increases the number of people before the means of subsistence are increased. The food therefore which before supported seven millions must now be divided among seven millions and a half or eight millions. The poor consequently must live much worse, and many of them be reduced to severe distress” (ibid.: 19). As such, Malthus continued, the limited carrying capacity of a particular region would play the role of a “natural” regulator of population growth in a world of generally finite available resources. In the absence of control mechanisms and “moral restraint”, hunger, famine and war would decrease population growth rates to finally balance food supply and demand in a drastic manner.

Ever since the publication of Malthus’ study, the world has changed dramatically. One might think of the industrial revolution, the demographic transition in some regions of the world where populations have stabilized at zero growth, advances in transportation and communication technologies that have allowed food to be shipped around the globe to meet food deficit regions, and the significant increase of yields due to the widespread adoption of green revolution technologies. And yet, despite all these developments, Malthus’ explanations of hunger and famine have remained hegemonic for centuries – also in geography. Wolf-Dieter Sick (1997) claimed even in the 1990s that food security could be understood in Malthusian terms.

At that time, the topics of food insecurity and famine were dealt with in the subdiscipline of agricultural geography, which was understood as spatial science (Raumwissenschaft). The subdiscipline stood in line with Dietrich Bartels’ (1968) research agenda which implied a concept of absolute space in the tradition of Isaac Newton (Werlen 1999) and which sought to identify optimal agricultural regions on the basis of universal spatial laws (cf. Glückler 1999; Werlen 1997). Sick (1997) focused primarily on food production systems. As part of a similarly understood economic geography, the general aim was to elaborate localization theories for each economic sector that were coherent with models of classical and neo-classical economic theory. Only a short chapter in Sick’s (ibid.: 171-183) textbook was devoted to the food question in developing countries. Right at the beginning of this part, it was argued that this was essentially a question of the relation between food production and population figures. This clearly reflected a Malthusian perspective on the subject matter.

2.1.2 Food Distribution

In the 1980s, however, another groundbreaking work caused this well-established explanation to hunger and famines to totter. In his famous study on “Poverty and Famines”, Amartya Sen (1981) criticized Malthusian explanations of food insecurity for their bare emphasis on food production and on questions of food availability. Instead, he called for the need to overcome production-centered approaches to hunger and famine and to shift attention to questions of distribution and people’s access to food. By means of empirical case studies on famines in Bengal (1943), Ethiopia (1972–74), the Sahel⁵ (1968–73) and Bangladesh (1974), Sen convincingly showed that famines had happened in times when there was not even a shortcoming of food supply. For the cases studied, he rather proved that rising prices next to unchanged income, associated with disastrous mismanagement of responsible governments, had barred large parts of societies from accessing enough food to survive. He concluded that “[s]tarvation is the characteristic of some people not *having* enough food to eat. It is not the characteristic of there *being* not enough food to eat. While the latter can be a cause of the former, it is but one of many *possible* causes” (ibid.: 1; emphasis by Sen).

With his entitlement approach, Sen pioneered studies on the institutional frames that structure people’s capabilities to command over food, in times, when famines were still widely understood as “natural” disasters. Critique was mentioned that the entitlement approach, as developed by Sen, was biased by focusing legal rights while omitting prevalent local institutions (Devereux 2007). However, Sen (1981: 152ff.) himself noted that “[t]he analysis of [...] entitlements [...] can be extended in many ways by taking a more detailed view of the relationships that govern people’s ability to command food and other essential goods [...] going from economic phenomena into social, political, and legal issues”. Against this background, large parts of the last decades’ studies on food insecurity can be said to be the analytic continuation of Amartya Sen’s ideas. In this spirit, geographers called for an alternative geography of food security in the 1980s and 1990s that would emphasize the very people who are suffering from malnutrition and food insecurity in order to better understand underlying causes of their situations (Atkins 1988; Bohle 1990; Watts 1983). Accordingly, a shift “from space to the human being” was called for, from geography as spatial science to geography as social science, with the aim to understand the vulnerability of people to hunger and famine (Bohle et al. 1993; Bohle & Krüger 1993). The vulnerability approach was elaborated that centered on Robert Chambers’ (1989) programmatic definition of the term: “Vulnerability here refers to *exposure* to contingencies and stress, and difficulties in *coping* with them. Vulnerability has thus two sides: an *external* side of risks, shocks and stress to which an individual or household is

5 Sen used a political definition of the sahel zone, covering Mauritania, Senegal, Mali, Upper Volta, Niger, and Chat (ibid.: 114).