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Column

Losing Tk 1,200b every year

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Bangladeshi farmers can produce rice for exports if they get better prices.

Bangladesh currently produces enough rice to feed itself. But we can produce another 20 million tonnes. If we sell this additional rice at the world market price, say Tk 60/kg, our farmers can earn Tk 1,200 billion a year. What holds us back? Bangladeshi farmers will produce this extra rice for export if offered the world price. Since this is an additional 20 million tonnes, food security is not affected. The rice is there. Why do we not let the price of rice rise so that our farmers can gain?



Bangladeshi farmers can produce rice for exports if they get better prices. Photo: STAR

Photo: STAR

Of course there are costs involved in setting up sorting centres, export bureaus, extension services, etc to permit the additional rice to be produced and marketed as well as buying rice options as a buffer for food security. But these are like drops in the bucket. Furthermore, the production and marketing costs are all internal to Bangladesh — our unemployed young will get new jobs as extension officers etc. Originality is not the virtue in an argument, validity is. Many others have had such a thought since the early 1990s. Why should a good policy be lost? The fertility of this land is a gift from God. As long as India does not shut off the water, this is a permanent blessing. It is a gift that cannot be competed away, unlike the blessings of garment factories, which can be lost to any country that wishes to accept lower wages. Why do we not accept the blessing?

Since production is not the problem, let us turn to distribution. How will people have the income to buy the rice? Keep ultra-poor programmes in place for now and consider the non-poor. Divide the question of adequate income between four groups: rural and urban, poor and rich. Consider the rural problem. The rural rich will get richer if rice export is permitted. Land values will rise. Land and profit taxation will permit infrastructure to be built and finance all the additional expenses. For the rural poor, real wages have always risen with rural profits. The net effect: regional disparity will be reduced, mofussil towns will prosper, and migration to Dhaka will lessen.

The urban problem is slightly more complicated. For the urban poor, real wages will rise with a short lag. They can be given short-term food aid to ease them over the transition. The urban rich are beyond the reach of food prices. Only the urban middle classes need careful consideration, if they are on fixed incomes. Before doing so, it is important to note that all urban classes gain from lower rural migration, diversified tax sources and richer mofussil cities. Consider now the urban fixed income middle class. This urban middle class can be divided into those still financially connected with villages, UMCC, and those financially unconnected, UMCU.

UMCC will lose from higher urban rice prices, but gain from rural land values and profits since they are financially connected. Many say, Yes, we have lands in the village, but we never collect any money from there. Well if you are so rich as to never need the money, very good. But if the money from those lands increases by tenfold, you might rethink the issue. The impact of a policy of rice export on those who still have financial connections with the village is neutral, on balance.

Only those entirely unconnected with the villages, the UMCU, are definite losers in the short run. The urban middle class concentrates the education and human capital of Bangladesh. They have the greatest flexibility to adapt in the medium and long-term. My guess is that they are about 5 percent of the nation, or about 10 million individuals. Can they be allowed to dictate national policy? Should the export of rice, a policy that benefits 150 million, and brings in a potential Tk 1,200 billion, be disregarded because of the vocal opposition of 10 million?

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