

Rice price adjustment and its impact to the poor

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Abstrak

This paper attempts to analyze the impact of rice price policy changes on the poor. It is shown that contrary to widespread opinion, an increase in the price of rice, particularly through protection policies, will negatively impact the poor. In other words, protective rice price policies are anti-poor. Each 10% increase in the price of rice will lead to a 1% increase in the poor population, in other words more than two million Indonesians will fall below the poverty line as a direct effect of a 10% increase in the price of rice. Rice price increases also contain undesired distribution dimensions: income transfer from populations outside Java to populations in Java, transfer from urban to rural populations, and income transfers from populations in poor provinces to populations in rich provinces, or from the poor to the rich.