AUTHORS' REJOINDER

Rejoinder to the Comments on "The Future of Rice in Asia: Public and Private Roles"

David Dawe and C. Peter Timmer
davedawe100@gmail.com

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complete lineup

It is slightly awkward to respond to comments from distinguished scholars and policy analysts that we know well. Over the years, we have both learned a lot from them. It is no surprise, then, that these comments by Roehl Briones and Larry Wong add important perspectives to the article we have written. Understandably, they both politely ignore our plea that each section of our paper could easily be a full paper or even a book. Both sets of comments basically request that we substantially expand the existing paper. We take that as a compliment but will restrict our response to the specific points raised. The two comments are quite different, so we examine them in order.

ON BRIONES' COMMENTS

Briones presents three sharp analytical critiques, and each requires a specific response: (1) on structural transformation and the need to incorporate a demand and value-chain perspective to the traditional supply side analysis; (2) on price stabilization and the need to be clear on the rationale for public engagement in this complicated and contentious issue; and (3) on resource scarcity and climate change, and his complaint that we do not give nearly enough attention to how hard it will be to sustain productivity growth in Asian rice cultivation under likely future climate scenarios.

Well yes. All three issues require the profession to re-think the received wisdom on the topics from just a decade ago. Briones recognizes that Dawe and Timmer have been actively engaged in this re-thinking, both individually and in joint articles and chapters.

The structural transformation has become a much more complex historical process than early experience revealed in the development of Western Europe and its New World offshoots. Briones is right to emphasize that this complexity extends far beyond the emergence of supermarkets, with their efficient backward supply chains and their highly sophisticated consumer marketing. It is also important to emphasize consumer demand for dietary diversification, how this drives the supply side of structural transformation, and the importance of policies that make healthy diets more affordable and thereby promote the formation of human capital, a key ingredient in modern economic development. Research on these topics is ongoing.

The critique of rice price stabilization and its economic and political rationale is also well taken. Although even the basic 1989 article by Timmer explaining the rationale for stabilizing food prices argued that its rationale would change over the course of economic development, it is clear that the political rationale now dominates any remaining economic rationale for active government investments in stabilizing domestic rice prices. That, however, is not a reason for abandoning price stability as a policy goal. Still, it is very important that the economic development profession understands this transition.

Briones' comment on the importance of resource scarcity and climate change has become much more important now that the Trump administration in the US is actively resisting all efforts to slow climate change and its impact on agriculture and beyond, and has withdrawn the US from any engagement in international research activities. Our article noted the withdrawal of many western governments from funding international public goods, especially agricultural research. We urged Asian governments to work together on a funding plan and a research strategy. But our reliance on the joint IRRI[1]/Asia Society Task Force Report for insights and guidance is clearly dated.

ON WONG'S COMMENTS

Wong's comments contrast almost completely with Briones', mostly because Wong draws on his long experience as a practitioner and explores the "realities in the field" and what seem to be promising initiatives by the private sector. His lengthy text deserves careful reading because many intriguing nuggets of wisdom are dropped into his story. We discuss the text more or less in the order it is written.

Wong's description of the intent of our short article is correct. He uses that introduction to explain his own approach, drawing on "the times they are a-changin" refrain to highlight technological revolutions, innovative trading arrangements for rice, and the risks of relying on the US dollar (USD) to value the rice being priced and traded.

Wong makes pointed emphasis to how diverse rice actually is as a commodity. He quotes Tom Slayton, our mutual friend and colleague, whose mantra was "Rice is not rice, is not rice." From a trader's perspective, from a breeder's perspective, from a farmer's perspective, and from a government official's perspective charged with stabilizing the price of rice, that is correct. But from a nutritional perspective, it is irrelevant. The important nutritional distinction for rice is how it is milled; the more bran that is left on, the more nutritious is the cooked grain. The distinction between long-grain and short-grain, japonica or indica, and country of origin is largely irrelevant. Furthermore, within a given country, one or the other of these rice types (indica, japonica, glutinous) usually dominates the domestic rice

1 International Rice Research Institute

economy, and the prices of the different qualities (as measured by the percentage of brokens) for each of the different types move largely in tandem. We make this point at length because whose viewpoint matters on important issues depends fundamentally on their perspective on the commodity.

The perspective of a public policymaker is, and probably should be, quite different from the perspective of a private sector participant in the rice economy. Making public-private partnerships "work" is a dicey business precisely because of the potential conflicts of interest. Having said that, as Wong points out, such partnerships have flourished in the most successful countries in East and Southeast Asia and the entire development community can learn a lot from understanding both the process of creating them and their impact on the economy (and what happens when they blow up).

Wong is on very solid ground when his comments are based on his own personal experiences over many years; he knows whereof he speaks. By necessity, those are backward-looking lessons. When Wong ventures into what the future might hold, his footing is less secure. A lot of buzzy concepts are floating around—"big data analytics, AI, 6G, and satellite connection capabilities with smartphones…" Wong seems to think that these will enable better private-public partnerships (PPP). His experience is that Asian businessmen are "generally open to strategic alliances, joint ventures…" Wong argues this is a good thing because it encourages the kinds of activities that he describes in some detail. These include:

- ***Counter trade***, using as an example the Malaysian rice agency (BERNAS) and its activities especially during the Asian Financial Crisis in 1998, as well as activities in Myanmar;
- ***Off-shore storage***, an idea to use storage facilities in Myanmar to hold rice destined mostly for Malaysia; and
- ***Border trade***, which Wong expects to increase rapidly, especially with China. It has the advantage of low transportation costs and minimal exposure to foreign exchange risks, increasingly focused on the role of a weak USD.

These examples illustrate the dangers of intellectual capital becoming outdated or irrelevant. Timmer feels this particularly acutely because the intellectual capital he gained through the 30+ years of helping BULOG, the Indonesian rice logistics agency charged with stabilizing domestic rice prices, is now useless, except to economic historians. Wong's intellectual capital gained while working with a market-oriented, reform-driven Myanmar government in the early 2000s is now irrelevant in the face of the Chinese-dominated, junta-governed reality. Again, there are interesting lessons for economic historians, but probably not for current policymakers.

In closing, Wong makes a welcome plea for AJAD and SEARCA to build on all the recent activities around the Asian rice economy and to arrange for a major research effort to solidify and extend that knowledge into a book and set of policy guidelines on "The Future of Rice in Asia." We enthusiastically support that suggestion.