

FARM SUPPLY RESPONSE AND GOVERNMENT PROGRAMS  
ON RICE IN EAST JAVA, INDONESIA

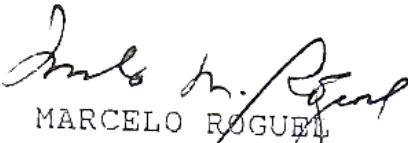
DIDIK JUNAEDI RACHBINI  
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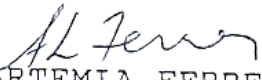
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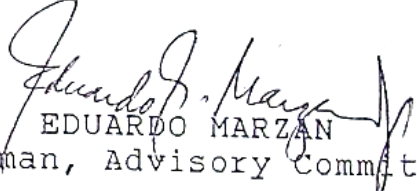
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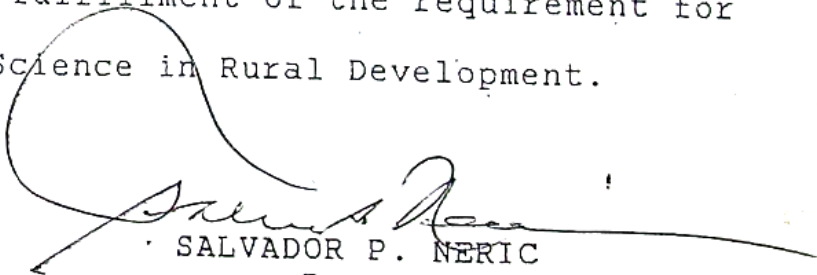
This thesis entitled, FARM SUPPLY RESPONSE AND GOVERNMENT PROGRAMS ON RICE IN EAST JAVA, INDONESIA, prepared and submitted by DIDIK JUNAEDI RACHBINI in partial fulfillment of the requirement for the degree of MASTER OF SCIENCE (Rural Development), is hereby accepted.

  
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## BIOGRAPHICAL SKETCH

The author, the oldest child among six children of Mr. and Mrs. Haji Rachbini, was born in 1960 in Pamekasan, East Java, Indonesia.

He finished his secondary education in 1979 at SMPP Pamekasan and graduated as first honor in the class. As a consequence, he was invited by the president of IPB (Bogor Agricultural University) to pursue his sarjana degree without entrance examination. He completed his sarjana degree in 1983, major in agricultural economics. During his student days, he was awarded the honor predicate in Department of Social and Economics, Faculty of Agriculture, IPB.

Right after graduation, he worked as lecturer in his alma mater (1983-85). In 1984, he started to work as researcher at LP3ES (Institute for Social and Economic Research, Education and Information) of Jakarta since 1984 up to the present. At the same time, he has been able to join the Innerindo Consultant and Pan Asia Consultant in Jakarta as counterpart in agricultural economics. He also served as columnist and analyst on agricultural economics and economic development in national newspapers (Kompas, Pelita, Merdeka, Suara Pembaruan, etc).

The author also had a chance to participate in national and international trainings and seminars; in Brunei (1984), Pakistan (1985), Malaysia (1985), and Philippines (1986). Funded by the Winrock International, he attended and passed the Summer Program in Economics at the University of the Philippines at Los Banos in 1986.

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The author is happily married to Yuli Retnani and blessed with a lovely daughter named Eisha.

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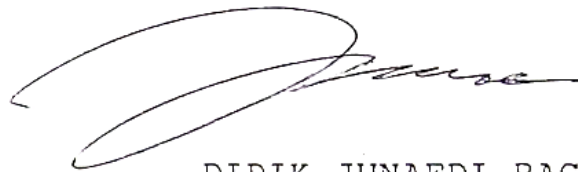
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DIDIK JUNAEDI RACHBINI

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## ABSTRACT

DIDIK JUNAEDI RACHBINI, Institute of Graduate Studies, Central Luzon State University, Munoz, Nueva Ecija, Philippines, June 1988. FARM SUPPLY RESPONSE AND GOVERNMENT PROGRAMS ON RICE IN EAST JAVA, INDONESIA.

Adviser: Dr. Eduardo G. Marzan

Using secondary data (historical records), the study attempted to: (1) provide quantitative estimates of the effects of changes in the price of rice and government incentives on the quantity produced by the rice farmers in East Java; (2) evaluate the impact of technical changes on rice farming; and (3) study the government roles, programs and policies on rice farming.

The empirical analyses on the price of rice variable gave some indications of positive but low response reflected by low elasticity of the area harvested (as well as the yield) with respect to the relative price of rice. Both were found to be very inelastic (0.03 for the area response and 0.06 for the yield response), showing the low responsiveness of farmers in East Java to price movement.

Since irrigation was primarily concerned in the program of intensification, particularly in the Bimas-Inmas program, this variable showed an indication of

positive and high response. The elasticity of this variable varied from 4.66 to 5.16 in the area response and from 6.90 to 11.57 in the yield response.

The effect of input subsidy, especially fertilizer subsidy, was found to be significant but had low response. It is relevant to doubt the efficiency and the effectiveness of this government policy because its elasticity was very low (0.06 to 0.07 in the area response and 0.09 to 0.11 in the yield response). However, this fact still motivated the farmers in East Java to increase their rice production.

Price of fertilizer in the yield response was significantly tested as one of the explanatory variables. Meanwhile, technology variable in the area response was found to be non-significant.

In the area response and in the yield response, the rainfall variable failed to show any positive and significant coefficient. Some improvements in the irrigation system and good weather condition might be the major reason for the non-significance of this variable.

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