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“Global food security and food safety:
The role of universities”

Interlinkages of Changing Rural Wages and Seasonal Food Security: Evidence from Bangladesh

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Abstract

Among the various causes of food insecurity, seasonality along with sudden shocks in food prices worsen the overall food security situation of the lower income groups in any developing country like Bangladesh. However, structural transformation of the wages, especially in the growth of rural labour market, may alter the scenario and reduce the food insecurity among the rural households. This study assesses the effects of the rise in rural wages from 2000 to 2015 on seasonal food security among the rural households of Bangladesh. After critically examining the changing pattern of rural wages in both agriculture and non-agricultural sectors and we also evaluate the safety net projects like employment generation programme for the poor (EGPP) on the labour market and seasonal food consumption. In doing so, this paper uses monthly data of agricultural wages from 2000 to 2016, and repetitive cross-sectional data of nationally representative household income and expenditure surveys of Bangladesh collected in four waves (2000, 2005, 2010 and 2015). Firstly, we examine whether there is any structural transformation of the rural wages by following the Arthur Lewis inflection point. From the autoregressive distributed analysis it is evident that there is a clear indication of a structural change in farm wages after 2008 and we accept the hypothesis of dualism theory. Secondly, to identify the effect of wage (farm and non-farm) increases on food consumption, we employ a difference-in-difference estimator by using independent households (self-employed both in agricultural and non-agricultural activities) as the control group and daily wage earner households as the treatment group. The result shows that daily wage earner groups are having better household dietary diversity (HDD) after 2005 and mean HDD increases sharply in 2015. This type of results support the policies like EGPP, which implemented after 2008 have a definite impact on seasonal food security. This research suggests that increasing wages and EGPP programme drastically reduce seasonal food insecurity and government need to initiate such kind of job opportunities for the poor to maintain the positive wage growth in the rural areas.

Keywords: Food security, rural wage, safety nets, seasonality