

Agricultural Policy

by

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A. METHODOLOGY

Before we venture into the deep waters of agricultural policy, it would be safer for us to define and specify the meanings of some popular words used in the domain of public policy. Words such as 'objectives', 'goals', 'means', 'policies', 'programmes' etc., if used loosely, can cause a good deal of confusion in our discussions. Our first job, therefore, is to have a clear understanding of these terms. This will lead us into a general discussion of the methodology involved in policy making.

(a) Objectives

The term "objectives" is used to express the broad aims which an economic system sets before itself to achieve. These are determined by the people at large and not by the policy makers. The policy makers ought to regard them as "given". However, in a society where a large majority of the people is illiterate and unvocal, we may have to depend upon the planners and administrators to set out such objectives for the country to achieve. Usually, they are stated in rather broad terms, so that they may meet general public approval. Details are purposely left out to avoid controversies.

It may be pointed out here that the objectives may be of a social, political, or economic nature and may be mutually inter-related. An objective may receive different priority at different times according to the circumstances of the society. For example, in times of war, the preservation of political freedom may be more important for a country than the raising of the standard of living of its masses.

The following is a partial list of the important overall objectives which may receive different priorities in different societies at different times:

1. The preservation of national and individual freedom.
2. Economic betterment in terms of high and steadily rising production, national income and standard of living of the people.
3. Achieving and maintaining full employment of human and natural resources.
4. Lessening the disparities in income distribution.

5. The conservation of the national resources of the country.
6. Social security to individuals against natural hazards and economic risks.
7. Greater efficiency and stability in the government of the country.

Although the objectives listed above appear to be laudable, harmonious and worthy of achievement, on closer scrutiny, we would discover some important conflicts and mutual inconsistencies among them. For example, there exists some conflict between the conservation of natural resources and the full employment of natural resources, the preservation of political freedom and the fostering of advancing economic betterment, maintaining full employment and preserving individual freedom, greater stability in government and lesser disparity in income distribution, so on and so forth. Some usual research can be done in analyzing these objectives and finding their conflicts, inconsistencies and similarities.

(b) Goals

Although, the term “goals” is popularly synonymous with the term “objectives”, we shall specify it here to mean the more specific aims or ends set for the individual sectors of the economic system. For example, “goals” and not “objectives” may be set for achievement in the fields of agricultural, industry, transport and communications, etc.

Some of the major goals in the field of agriculture which a country may choose to set before itself for achievement may be as under:—

1. The maximization of agricultural production in line with consumer demand.
2. Flexibility in the use of farm resources, *i.e.* capacity for adjustment in the use of farm resources to changes in market and cost factors.
3. The conservation of agricultural resources.
4. Social security for the farmers against natural hazards and economic risks.
5. Security of tenure, justice in rent fixation and opportunity to acquire landed property.

It may appear that the line of demarcation between the “objectives” and the “goals” is not so clear-cut. Nevertheless the distinction drawn above might prove of value in the analysis of the policy questions.

(c) Policies

Once the “objective” and the “goals” have been agreed upon, defined and specified, we are ready to enter upon the stage of policy making; they provide a useful frame of reference for all policy making. By the term “policy” we mean, a general course of action designed to achieve the “objectives” and “goals” already discussed above. It may be noted here that terms “policy” is different from the term “programme” which implies a more specific action, generally involving the formulation of definite schemes, within the framework of a given policy to achieve the “objectives” and the “goals” mentioned above.

(d) Means

There is some degree of confusion about the use of the word “means”. It refers to the methods of executing or carrying out a policy. Sometimes, however, it is rather difficult to discern between a policy and the means to implement it. If there are several methods to carry out a given policy, the choice of a particular means for a particular situation is in itself a matter of policy. When a certain means has been chosen to execute a policy, this means may transform itself into a sub policy and we may have to look for further means to execute this sub-policy. These means may once again turn into sub policies, seeking new means for giving them effect. This transformation of means into policies makes it difficult to draw a line of demarcation between policy and means. It should, however, be borne in mind that after a certain stage, the means can’t be split any further and turned into policies.

Let us illustrate the terms explained above by a concrete example. Supposing the overall “objective” of an economic and social system is economic betterment. Perhaps the corresponding “goal” in the field of agriculture would be to maximize agricultural production. Now, to achieve this goal, there are two general courses of action:— (1) to increase the number of acres under crops and (2) to increase the yields per acre. The adoption of one course of action or the other, or both, with priority attached to one etc. are all ‘policy’ matters. Let us suppose for a moment that our ‘policy’ is to give priority to raising the yields per acre. Some of the important “means” to raise the yields per acre are (a) adequate and regular water supply, (b) chemicals fertilizers and farm yard manure, (c) better seed, (d) better implements, (e) better cultural practices, (f) control of pests and diseases .etc.

The selection of some particular means for raising the yield and assigning them priority over the others is a policy question. Supposing it is decided to give top priority to adequate water supply and proper manuring. This then becomes a ‘sub-policy’. We have to look for “means” to again carry out our sub-policy. Thus the process goes on. Once a decision is reached on the means, the next step is to formulate schemes.

Briefly the policy structure may be presented as under:—

- Overall objectives
- Goals in different fields
- Policies
- Sub-policies
- Sub-sub-policies
- Means
- Schemes

When framing policies, one should bear in mind the economic, social, political and legal setting in which the policies be framed will be executed. Policies, as a rule, should be adapted to economic laws so that the functioning of those laws is assisted or controlled but not hindered. Policies in different fields of economic activity should be properly co-ordinated with one another to avoid conflicts and inconsistencies.

Some helpful steps involved in evolving a policy in the field of economic activity may be briefly set forth as under:—

1. Define the overall objectives; the goals; understand the conflicts and inconsistencies, if any, among the goals.
2. In every socio-economic system there are some important equilibria which must be discovered and watched. Such equilibria may be between direct and indirect control, promotion and regulation, industry and agriculture, landlord and tenant, labour and management etc. One must consider the impact of a proposed policy on these equilibria. In fact, policies may be framed with a view to shifting some of these strategic equilibria in desired directions.
3. Every alternative policy or course of action to achieve a goal entails a cost. Such costs should be reasonably approximated. Similarly benefits resulting from them may be roughly ascertained. This may prove helpful in adopting an appropriate policy.

B. AGRICULTURAL POLICY IN PAKISTAN — AN OUTLINE

Agricultural policy is a very vast subject. It hounds in controversies and misconceptions. A large part of the field remains unexplored and little attempt

seems to have been made in this country to deal with the problem systematically and scientifically. If we look through the published records of the past eight years in Pakistan, we may find some patchy and spotty statements on agricultural policy, but there has been no methodical, comprehensive and coordinated treatment of the problem.

Normally, the framing of policies should precede the formulation of programmes and development plans. Usually major agricultural policies are laid down in clear-cut and unequivocal terms. All sub-policies and programmes must be devised in the light of the major policies already formulated. It is rather difficult and unscientific to decide upon the individual programmes, schemes and projects without first deciding upon the policies, sub-policies and sub-sub policies involved.

Policy making in agriculture is a difficult job. It pre-supposes a sound knowledge on the part of a policy maker, of not only agricultural economics but also of sociology, political science, law and the technical side of the agriculture. Also reasonably accurate and adequate data are needed for passing judgements on policy matters. Without such statistics and basic research on controversial issues, all policy making may just be a leap in the dark.

The purpose of this paper is not at all to present a blueprint of our agricultural policy. It would be almost preposterous to think of that, especially in view of our inadequate statistics and acute lack of research in agricultural economics. The purpose of this paper is much more modest. It attempts to apply a somewhat systematic approach to policy making in agriculture taking some policy questions as examples and to prepare an outline which might serve as a general framework for the official policy statements given out from time to time to fit in. It may also enable us to bring out some serious gaps in our farm economics research which ought to be filled up immediately in order to facilitate the framing of sound agricultural policies.

THE OUTLINE OF AN AGRICULTURAL POLICY FRAMEWORK

I. OVERALL OBJECTIVES

1. Preservation of Political Freedom
2. Raising the standard of living of the masses
3. Maximizing the national income

II. GOALS FOR AGRICULTURAL POLICY

1. Maximizing the agricultural output in line with consumer demand (selective expansion)
2. Achieving national self sufficiency in food production
3. Raising the living standard of the farm families
4. The conservation of Agricultural Resources
5. To reduce the pressure of population in the agricultural sector.

N.B. The goals may have a different order of priority from that given in the above list.

III. SOME POLICIES TO ACHIEVE THE ABOVE MENTIONED GOALS

The policies given here by no means exhaust the list of such policies for achieving the given ends. They are examples just to show the type of policies needed under this heading in the framework.

I. For Maximizing Agricultural Production in Line with Consumer Demand

In framing major agricultural policies, sub-policies and sub-sub-policies, we should always bear in mind the distinction between long-run and short-run policies. Short-run policies are designed to meet specific urgencies in the immediate future. The long-run policies on the other hand, aim, at devising means to achieve the set goals eventually.

A. Some of the major Policies

(1) Short-Term:

Out of the two general ways to increase production, *i.e.* (i) by increasing the area under production and (ii) by raising the yields per acre. The former may be expected to yield better and surer results than the latter in the short-run. Increasing the area under cultivation may, therefore, receive priority as a policy in the short-run for the maximizing agricultural output,

(2) Long-Term:

Raising the yields per acre is a very desirable policy and perhaps the only practicable policy for maximizing agricultural output in the long-run. In the short-run, however, this policy is beset with serious institutional limitations which are likely to render it practically ineffective.

Some of the other major long-term policies for raising agricultural output are: Security of tenure, provision of credit facilities, rural cooperative re-organization etc. As the purpose of the paper is just to present a framework, these policies will not be discussed here.

It should be noted that short-term policies are accompanied by the initial instalments of long-run policies. They run simultaneously, although priority is assigned to the short-run policies.

B. Sub-Policies

1. Area under production (our policy in the short-run) may be increased by (1) colonizing new area and by (2) increasing the intensity of cropping on the presently cultivated area. Now, it is rather difficult to say which one of them should be adopted as a sub-policy. Here is a problem for research. We will have to compare the net produce per unit of the irrigation water used on the new land with that obtained from fallow land in the already irrigated area. The problem of credit supply in the newly-settled areas on the one hand and the social benefits of settling landless farm families on the other will have to be given due consideration in weighing the above matter. Nevertheless, it may be ventured, that colonizing new areas may form our sub-policy for the short-run, while increasing the intensity of cropping may be an essential component of a long-run policy.
2. Mechanization of agriculture can result in tremendous displacement of farm labour which can not be absorbed elsewhere in the economy, especially in the short-run. In the short-run, therefore, our policy should be to use machinery for a limited number of operations, *e.g.* for opening up of new lands, anti-erosion work, eradication of deep-rooted weeds etc. in the long-run, however, we should aim at introducing mechanization for a much larger number of farm operations. The speed of its introduction will have to be adjusted to the rate of growth of opportunities for alternative employment of the displaced labour.

In the long-run, we have to decrease the pressure of population in the agricultural sector. That would mean the diversion of farm labour into secondary and tertiary industries. This would make partial farm mechanization desirable. We would have to move in this direction very slowly and carefully.

3. Out of the different means of improving the yields per acre (in the long run policy) it is possible to give priorities for the immediate instalment of the policy. Top priorities may be given to (1) adequate and regular water supply, (2) improved seed and (3) fertilizers in the order as they are listed. This seems to be more realistic than any other order in view of the institutional and economic barriers against the widespread use of fertilizers, pesticides and other useful tools in the kit of modern agricultural technology.
4. There are several alternative systems of farming and one can choose from them a suitable system for the county to achieve the goals set above. They are: (a) individual farming, (b) community farming, (c) state-sponsored commercial farming, (d) state farming.

It is a question for research to decide which one of them would be best for our conditions. However, one thing is quite clear. Each of the systems given above is best for achieving one or the other goal but not for all the goals, we may have to give priority to each in accordance with the order of priority of the policy goals. More than one system can go side by side, contributing toward the achievement of the goals for which they are best suited.

It would appear that while individual farming and community farming may best be suited for achieving goal No. 3 (raising the living standard of farm families), state-sponsored commercial farming and state-farming may be best for achieving goal No. 1 (maximizing the agricultural output in line with consumer demand). The questions, however, is highly controversial and without adequate research, it would be unwise to pronounce any judgement,

C. Sub-sub-policies

1. Subsidies for popularizing the use of fertilizers, improved seeds and other developmental measures are considered desirable but only in the short-run. In our long-run policy they should have no place.
2. We should try to localize crops in the regions where they are best suited. This alone might increase our overall agricultural production by about 5 to 10 per cent. This, however, cannot be done overnight, because it involves several institutional and political difficulties. It will have to be done very gradually. It should, therefore, be a part of our long-run policy.

II. For Achieving National Self-Sufficiency in Food

The goal of national self-sufficiency in food is rather broad and vague. Two important questions must be answered before any food policy may be framed, *viz.*, (a) What is the level of nutrition at which the national self-sufficiency is being sought? (b) In what particular food items should we aim at national self-sufficiency?

The first question in itself is a policy question. Perhaps the best answer to it would be to secure self-sufficiency at our present levels of nutrition in the short-run and at optimum levels in the long-run. In regard to the second question, the answer would be wheat and rice in the short-run and carbohydrates plus animal proteins in the long-run.

Some of the major policies to achieve the goal of national sufficiency in food production would be as given:

1. Forward Pricing for rice and wheat
2. Proper storage facilities for building food-grain reserves.
3. Control of stored-grain pests.

Sub-Policies

1. Development of fisheries, poultry, fruits and vegetable etc.
2. Stoppage of exports and smuggling of food grains.
3. Over-hauling of the distributive machinery.

III. Raising the Living Standard of the Farm People

In order to raise the living standard of the farmer, we have not only to raise production but also to improve the distributive machinery so that the cultivators reap the benefits of their hard work.

Some of the major policies in this connection would be:

1. To prevent the prices of farm products from falling too low.
2. To guarantee to the farmer a fair share of the consumer's rupee.
3. Equitable distribution of the product between the tenant and the landlord.

4. Revision of the current regressive agricultural taxation system.

Some sub-policies:

1. International commodity agreements may be entered into to secure better returns to the producers.
2. Go-operative marketing may be encouraged.
3. Putting of more teeth in the Tenancy laws.

It may be pointed out here that the obtaining of reasonably high prices for the farm products, however crucial to the producer, is not at all an easy matter. Sometimes, it may be entirely beyond the means of an under-developed country to support a price, especially in case of a commodity whose prices are determined in the world market.

IV. Conservation of Agricultural Resources

Under agricultural resources, we will include (a) soil and (b) water. Some authors may like to include farm labour also in the above list. From the point of view of conservation, however, it is soil and water which would merit our attention most. Soil erosion and water-logging have been described as ‘creeping death’ and ‘cancer of soil’ respectively by some authors. They constitute a real threat to our agricultural and hence to our economy in general. It goes without saying that the conservation and judicious utilization of these resources is not only important for the coming generations but also and probably more so for the present generation.

The long-run policy for the conservation of agricultural resources should aim at maximum community participation in conservation practices. The state participation, however, would be required to a large degree in the short-run because the problems of water-logging, alkalinity and soil erosion are serious national problems which can’t be coped with effectively by individuals or even communities, in their present state. They need government action immediately. Once, however, the problem has been reduced in magnitude, and the communities have been trained and indoctrinated in the use of conservation practices, governments, role may be gradually reduced.

Some of the Sub-Policies:

1. The use of subsidies to induce individuals and communities to undertake conservations.

2. The use of penalties for individuals and communities not observing the recommended practices.
3. Digging and maintaining of major drains by the Government and requiring the local and field drains to be dug and maintained by communities and the individual farmers.
4. Before constructing new canals and colonizing new areas, it should be our policy to be sure of the proper drainage facilities.
5. The use of tube-wells for reclaiming water-logged areas cannot be recommended without further research in their effectiveness in lowering the water table and the comparative cost of reclamation with other means.

V. To Reduce the Pressure of Population in the Agricultural Sector

The scope of this goal is rather broad and the policies to achieve it do not necessarily lie in the field of agriculture. Farming as a profession carries a prestige in spite of the low income and lower wages in it as compared to other professions.

As a long-run policy, therefore, the farmer will have to be indoctrinated to respect other professions. Education of the rural population and provision of opportunities for employment outside agriculture along with gradual mechanization of agriculture should in the long-run help achieve this goal.

The above outline is an incomplete sketch of agricultural policy in Pakistan. It needs elaboration. It, however, provides a rough framework wherein we can fit a particular agricultural policy pronounced by the Government and judge its repercussions on the some of the goals and general objectives before us. It may reveal certain important conflicts and inconsistencies inherent in some policies. It may also help toward the evolution of some needed policies and may reveal some important policy matters on which research is immediately needed.

VI. Some Important Research Problems in Agricultural Policy

1. The Role of State Aid in Agricultural Development
2. The Scope of Price Support Programmes in Pakistan Agriculture
3. Mechanization of Agriculture in Pakistan
4. Methods and Agencies for New Areas

5. The Subsidized Fertilizers and the Cultivators Attitude toward them
6. Inheritance Laws and Fragmentation of Holdings
7. The Scope of Crop and Livestock Insurance in Pakistan
8. State Trading in Major Agricultural Products in Pakistan
9. Price Policies for Jute, Cotton, Hides and Skins
10. Some Regional Crop Adjustment Needed in Pakistan's Agriculture
11. The Economics of Irrigated Plantations
12. Community Approach to Soil Conservation
13. Extensive versus Intensive Irrigated Agriculture for making an Optimum Use of our Irrigation Water
14. The Effect of Export Duties on Agricultural Prices
15. Implications of Land Nationalization in Pakistan
16. The Defects in our Agricultural Taxation System and how they can be remedied
17. State Sponsored large Commercial Farms versus small Peasant Farms
18. The Balance between Food and Cash Crops
19. The Economics of Sugar Industry
20. The Role of Subsidies versus Penalties in Agricultural Development in Pakistan

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