AGRIBUSINESS DEVELOPMENT IN PAKISTAN:
THE CHALLENGES IN ESTABLISHING NEW
GOVERNMENT-BUSINESS RELATIONSHIPS

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Analysis of Corporate Sector Constraints in Agriculture (ACSCA) Project

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If Herodotus, the Greek historian, was among us today and describing Pakistan instead of Egypt, he might have written

"Pakistan is the gift of the Indus."
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I. INTRODUCTION

A. Background

Before discussing the premise of my presentation, I think it is important and useful for you to have some idea of how my thinking has evolved over the past decade, regarding agriculture, government policy making and the respective roles of the public and private sectors in Pakistan.

Writing in the early 1980s, Shahid Javed Burki and I developed a twenty point "Development Manifesto" for Pakistan during the 1980s.1 The six points pertinent to the economy as a whole and agriculture in particular were as follows:

- Given the country's quite extraordinary potential, a growth rate of 7 to 9 percent in gross domestic output should be established as a goal for the eighties. If this growth rate were achieved, Pakistan could double its national product within the following decade.

- Agriculture and industry--two sectors largely neglected in the seventies--must be infused with the dynamism needed to stimulate the economy.

- Agriculture is ready for a crash effort which could result in a substantial increase in its output.

- To ensure sustained agricultural growth it is imperative to develop local participatory institutions based on those that already exist. These institutions are needed, in particular, for soil and water quality maintenance.

- It is possible now to clearly demarcate the areas of emphasis in agriculture between the public and private sectors.

- Overall, there should be an attempt to remove the elements of shock and surprise from government economic decision-making.

Neither of us claimed to have any prophetic talents; rather, we were synthesizing, condensing and summarizing what eleven analysts, seven of whom were Pakistanis, had concluded based on very systematic research. I might add that none of these analysts

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were from the agribusiness sector but, as the tenor of these points reveal, agriculture, government economic decision-making, and the respective roles of the public and private sectors were key elements in our thinking regarding the further economic and social development of the country. Since we were proposing what should be done in the 1980s to foster further economic development, it might be useful to see what happened. Table 1.1 shows the performance of Pakistan’s economy from 1947-88.

Writing not quite a decade later, Muntazar Bashir Ahmed and I concluded our book\(^2\) by making the following recommendations:

- The Government of Pakistan should review its pricing, investment and credit allocation policies with regard to their impact. Consideration might be given to removing price controls on certain products. Credit allocations should be made so as to prevent the private sector from being crowded out. Government regulations should be reviewed and outdated regulations should be abandoned.

- The Government of Pakistan should pursue a policy of privatization/denationalization under certain conditions. This policy should clearly state that "cut-rate" sale prices are not possible and that privatization would not be merely transferring ownership from the public sector to the private sector. In other words, the government should not be interested in establishing yet another organizational form -- a "private" government enterprise which enjoys the "privileges" of public enterprises and none of the risks to which private sector units are exposed.

- The Government of Pakistan should experiment more widely with contracting out management services to the private and non-profit sectors. The private sector has matured over the past 40 years and there are skilled managers and technicians who could, if given the opportunity, effectively and efficiently produce goods and provide services under contract. The experience of other countries indicates that savings can be made in contracting out.

Coming from someone trained in public administration and having a philosophical bias towards government and the role of government in the economy and society, these points and recommendations may sound strange. I feel, however, that they are based on an objective assessment of what has transpired in Pakistan over the quarter of a century that I have studied this country, as well as what has changed in the societies and economies of other countries of the world.

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TABLE 1.1  Performance of Pakistan's Economy, 1947-1988

<table>
<thead>
<tr>
<th>Time Period</th>
<th>GNP Growth Rate (% per year)</th>
<th>Population Growth (% per year)</th>
<th>Per Capita Income Growth (% per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-1958</td>
<td>2.7</td>
<td>1.8</td>
<td>+0.9</td>
</tr>
<tr>
<td>1958-1971</td>
<td>6.8</td>
<td>2.8</td>
<td>+4.0</td>
</tr>
<tr>
<td>1971-1977</td>
<td>4.6</td>
<td>3.1</td>
<td>+1.5</td>
</tr>
<tr>
<td>1977-1988</td>
<td>6.7</td>
<td>2.9</td>
<td>+3.8</td>
</tr>
</tbody>
</table>

Source: Shahid Javed Burki, "Pakistan's Economy Under Zia," Table 1, a paper presented at the Annual Meeting of the Association of Asian Studies, Washington, DC, March 17, 1989. The statistics were computed from Government of Pakistan, Economic Survey, 1987-88 (Islamabad: Finance Division, 1988), Statistical Appendix, pp. 1 and 15, Tables 1.1 and 2.1
B. The Premise

The premise of my presentation, simply put, is that Pakistan is at a stage in its development where new relationships between the public sector and the private sector are essential to achieve the goals of agribusiness development. By public sector, I mean all government ministries and departments at the federal and provincial levels plus the public enterprise sector. Agribusiness may be defined as "a combination of the producing operations of a farm, the manufacture and distribution of farm equipment and supplies, and the processing, storage and distribution of farm commodities." New relationships will be proposed in this presentation and are considered to be critical to the development of the agribusiness sector of Pakistan. In attempting to substantiate this premise, I want to briefly deal with the government/public sector environment or context of agriculture and agribusiness in Pakistan. This examination will be followed by a discussion of:

- private sector involvement in agribusiness;
- private sector involvement in agribusiness;
- challenges to the public sector;
- challenges to the private sector;

and I will end my presentation with some conclusions and recommendations which will try to answer the question "what must be done."

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II. GOVERNMENT/PUBLIC SECTOR ENVIRONMENT OF AGRIBUSINESS IN PAKISTAN

The government sector dominates the economy of Pakistan but Pakistan's economy is private sector oriented. Dominance can be substantiated by a quantitative analysis of the government's role in the economy and the private sector orientation through a qualitative analysis of the attitudes of Pakistanis. With the exception of a brief period of time in the early 1970s when the government of the day nationalized the finance and insurance sector, the shipping sector and many manufacturing units, government officials, both elected and appointed have acted in a paternalistic fashion towards the private sector. Ayub’s Decade of Development attempted to encourage the development and expansion of the private sector. The development finance institutions (DFIs) established during this period were created to serve the needs of the private sector. Zia’s eleven years of rule tried to reassure the private sector that government would not repeat the mistakes of the past and encouraged the private sector to take a larger role in the economic development of the country. However, it is the "faceless bureaucrat" that we visualize most often whose attitude is captured in a quotation attributed to an Indian bureaucrat who reportedly said "I am knowing what you are wanting; I am having what you are wanting; but I am not giving."

Government involvement in the economy has history dating back to the colonial period. In West Punjab which was to become a major part of Pakistan, the British invested public funds into the development of the world’s largest man made irrigation system. The British also invested in other types of basic physical infrastructure necessary to develop the country such as ports (through the Karachi Port Trust which was established in the 1880s), railways (what is now Pakistan Railways), and communications (roads, telegraph and telephone).

Shortly after Independence, the newly independent government had to intervene in the economy to cushion the negative impacts of Partition and assist in the adjustment to the new economic realities. Shortages in essential agricultural inputs such as seeds, fertilizer, farm equipment and credit, coupled with a shortage of indigenous commercial/industrial entrepreneurs capable of producing and supplying these commodities, resulted in government assumption of these

\[\text{The Bhutto government stopped short of complete nationalization of the banking and insurance sector and did not nationalize foreign (international private) banks which conduct approximately ten percent of banking activities in Pakistan.}\]

responsibilities and the establishment of public enterprises to provide or produce these necessary services and goods.

Initially, government involvement in the economy of Pakistan could be justified on the basis of strategic concerns and the absence of a strong, vigorous private sector. Civil servants in Pakistan have a long standing reputation as good "crisis managers." But, I would argue, crisis management is not what Pakistan requires today. Over the past forty years, the private sector has developed from a few small-scale trading houses which were family owned (many of whom migrated to Pakistan after the partition of the subcontinent) to a relatively dynamic mosaic of small, middle-sized, and large-scale entrepreneurs. The points I am making here are (1) the government/public sector environment of agribusiness in Pakistan has changed significantly because of the government's enlarged role through its public enterprise sector and (2) while the private sector has expanded significantly, its relationship with the government sector has remained about the same. Government is still run by "crisis managers" while many of the crises for which this management was necessary have dissipated. The private sector is still dependent upon the government sector. The environment, therefore, is out of step with the institutional capacity that has developed in the private sector.
III. PUBLIC SECTOR INVOLVEMENT IN AGRIBUSINESS

To grasp the significance of government's involvement in agribusiness, one must first grasp government's involvement in the economy. Table 1.2 indicates the number of public enterprises, their total assets and employment, and their share of sector value added. Although the sector value added share in agriculture is only three percent, the activities that we include in agribusiness or provide critical services/commodities to agribusiness fall virtually under all of the eight sectors indicated in the table.

Table 1.3 shows the relationship between public enterprises in manufacturing and government ministries and units. Although the table was created for purposes other than our presentation today, it is reflects how government units control the activities of public enterprise as well as private enterprises. For example, in setting or revising prices of goods produced by public enterprises, the Controller-General of Prices also influences the prices of commodities produced by agribusiness firms in the private sector. The issue of price setting reminds me of a remark made to me by an Indian Public steel corporation executive. He said that every time his corporation secured an increase in prices, a friend (counterpart) in Tata Steel thanked him. The government's role in the finance sector, its domination of telecommunications, energy and its controls on imports influence the behavior of firms in the agribusiness sector.

One might ask why is government involved and how did it get involved? The answers to these questions are found in how government evolved since independence in 1947. As we all know, Pakistan was born in crisis. Government officials working in temporary quarters using shipping crates as desks had to deal with the movement and settlement of millions of people into the new state of Pakistan, the financial dislocation caused by Partition and the severe law and order situation on the border with India, among other problems. After Eleanor Roosevelt visited Pakistan shortly after Independence she described the civil service leadership as a small group of dedicated individuals slowly working themselves to death. Government got involved in controlling the agribusiness sector (and other sectors) because the political leadership of Pakistan made the policies and decisions to control. This continues today in terms of government management and ownership of and new investment in major agribusiness manufacturing and service enterprises and holding companies. It is the sustained and expanding (albeit slowly) role of government in agribusiness activities that reflects its true attitude toward the private sector.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Units</th>
<th>Total Assets* (Rs. Million)</th>
<th>Total Employment</th>
<th>Share of PSEs in Sector Value Added (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance &amp; Insurance</td>
<td>20</td>
<td>290,000</td>
<td>96,100</td>
<td>97</td>
</tr>
<tr>
<td>Manufacturing (Pakistan Steel)</td>
<td>110</td>
<td>35,900</td>
<td>88,700</td>
<td>11</td>
</tr>
<tr>
<td>Transportation &amp; Communications (Railways)</td>
<td>14</td>
<td>37,700</td>
<td>216,000</td>
<td>43</td>
</tr>
<tr>
<td>Electricity, Oil &amp; Gas (WAPDA)</td>
<td>9</td>
<td>(4,500)</td>
<td>(124,603)</td>
<td>90</td>
</tr>
<tr>
<td>Trade &amp; Commerce</td>
<td>4</td>
<td>1,260</td>
<td>4,780</td>
<td>5</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>3</td>
<td>750</td>
<td>600</td>
<td>75</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1</td>
<td>1,110</td>
<td>2,200</td>
<td>3</td>
</tr>
<tr>
<td>Construction</td>
<td>6</td>
<td>-1,390**</td>
<td>7,700</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>167</td>
<td>427,300</td>
<td>561,080</td>
<td></td>
</tr>
<tr>
<td>TOTAL GOVERNMENT EMPLOYMENT</td>
<td></td>
<td></td>
<td>1,400,000</td>
<td></td>
</tr>
</tbody>
</table>

*Assets = New Worth plus Long-Term Loans. (For Finance & Insurance, these are total assets.)
**Losses exceed total assets.

Source: Public enterprise Annual Reports and Planning Commission reports.
### TABLE 1.3  Relations Between Manufacturing PSEs and Government Ministries/Units

<table>
<thead>
<tr>
<th>Ministry/Unit</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Production</td>
<td>day to day administrative planning and control</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>securing additional investment funds especially if the enterprise is a loss maker</td>
</tr>
<tr>
<td>Ministry of Industries (Controller-General of Prices)</td>
<td>setting or revising prices</td>
</tr>
<tr>
<td>Ministry of Water and Power/Ministry of Petroleum and Natural Resources</td>
<td>obtaining energy if new units are being set up and are eligible for rate concessions</td>
</tr>
<tr>
<td>Ministry of Transportation and Communications</td>
<td>obtaining telephone connections and transportation linkages if new units are being set up</td>
</tr>
<tr>
<td>Ministry of Trade and Commerce</td>
<td>securing imported goods</td>
</tr>
<tr>
<td>Auditor-General of Pakistan</td>
<td>audits are conducted of PSEs accounts</td>
</tr>
</tbody>
</table>
This role is not the result of the civil service usurping power; successive leaders of Pakistan thrust the responsibilities of economic policymaking, administration and state owned enterprise management on to the civil service. It is not surprising, therefore, that the civil service's response to the need for new services or products was to provide them directly from new or expanded public sector enterprises, or at least control their provision/production by government units (prices, credit, etc.). The qualitative results of government intervention are shown in Graph 1.1.

The forms of indirect intervention have been commented upon earlier. Direct intervention through the creation of public enterprises deserves some consideration. Diagram 1.1 shows the growth of public enterprises in Pakistan. It is important to note that government leadership today has several times indicated that no more nationalization will occur and that the private sector has an important role to play in the further economic development of the country. Indeed, the government's Seventh Five Year Plan projects the private sector to be the major source of new investment for enterprise development and economic growth.

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"On the other hand, it did not refuse to accept additional responsibilities. In fact, during the 1950s, the bureaucracy "positioned" itself to receive additional responsibilities. According to Shahid Javed Burki, the civil bureaucracy in general and the Civil Service of Pakistan (CSP) in particular:

. . . did not take any direct action to subvert political activity [during the 1951-58 period]. . . [It] only placed itself in the position to receive such benefits as it could from the underdeveloped nature of the political system and environment in which it was called upon to render service. [Shahid Javed Burki, Social Groups and Development: A Case Study of Pakistan, unpublished, circa 1973.]"
GRAPH 1.1  Public and Private Dimensions of Public Enterprises

Y

--GOVERNMENT DEPARTMENTS
  (Education Health)

--DEPARTMENTAL COMMERCIAL
  UNDERTAKING (Post Office, T&T)

--STATUTORY CORPORATIONS
  (WAPDA, PIA, Railways)

--HOLDING CORPORATIONS
  AND COMPANIES
  (FCCCL, NFC, PACO)

--FOUNDATIONS
  (Agha Khan)

--PRIVATE FIRMS

X = Private Dimension
Y = Public Dimension
Growth of Public Enterprises in Pakistan, Pre-1947 to 1976

1972-1976
HOLDING CORPORATIONS AND JOINT STOCK COMPANIES

1947-1968
STATUTORY CORPORATIONS

1947-1958
DEPARTMENTAL UNDERTAKING

PRE - 1947

12
STATUTORY CORPORATIONS

COMMUNICATIONS/ TRANSPORTATION

ENERGY AND FINANCIAL INTERMEDIARIES

NATIONALIZATION OF PRIVATE SECTOR FIRMS, FINANCE, INSURANCE, SHIPPING, MANUFACTURING FOOD PROCESSING (GINNING MILLS)
IV. PRIVATE SECTOR INVOLVEMENT IN AGRIBUSINESS

Long before there was a Pakistan, long before there was a British Empire in India, long before there was a Mughul Empire, in fact long before Alexander the Great launched his expedition to South Asia there was private involvement in agribusiness. As long as people have cultivated land in the South Asian Subcontinent, people operating as private entrepreneurs have engaged in agribusiness. What we are concerned here is the extent to which Pakistan can reach a much higher stage of development in the agribusiness sector by encouraging private enterprise to develop and/or expand its role in this important sector. Despite government domination of the economy (or may be because of it), private entrepreneurs have played a role in agribusiness. One prominent example is the packaging and distribution of safe (i.e., disease free high quality) milk by MilkPak. I use this example because (1) MilkPak has been in operation for a relatively long period of time and, consequently, is not of the "make the money and run" type of private concern that opponents to more private sector involvement in agribusiness often cite to support their opposition, (2) it has strong consumer support and retains consumer confidence and (3) it has opened itself up to foreign investment through major participation by Nestles of Switzerland.

I have also noticed that other areas in the agribusiness sector have private firm participation. Government has and is encouraging the private sector to participate in a major way in the production and distribution of fertilizer. Other input agribusinesses, such as seed production and distribution, will soon be dominated by private sector companies, including the major transnational and corporations. The private sector is also dominant in pesticides production and distribution, edible oil, food processing and flour milling, and the manufacturing of farm implements.

The point I am trying to make here is that the managerial skill, technical knowledge and the capital required appear to be available in the private sector to expand agribusiness--if the government aggressively promotes private sector agribusiness formation and removes the constraints that still impede private sector investment. Both Mr. Swanson and Dr. Hesser will have more to say about areas of potential agribusiness promotion and the implementation environment needed to attract new investment from domestic private concerns and multinational corporations.
V. CHALLENGES TO THE PUBLIC SECTOR

If the agribusiness sector is to develop further, the public sector has to meet certain challenges. It is going to have to give up its dominant role and permit the private sector to share more responsibilities in the agribusiness sector. This does not mean that government gets out of the business of trying to meet fundamental, basic human needs. But it does mean that it needs the talents that exist in the private sector to assist in meeting these needs. It also does not mean that government has to be any less concerned with standards of health and safety since these standards are at the heart of the pursuit of the public good. However, my impression is that a lot of what government currently engages in does little to ensure that public health and safety standards are, in fact, being met.

The kind of challenges that government must accept and the kind of changes that should result from tackling these challenges amounts to administrative reform. However, unlike previous attempts at reform7 which focused almost exclusively on organization and structure, the new reform effort should focus on what government should undertake solely, what might best be undertaken by the private sector, and what could be shared by both. Effectiveness and efficiency of government operations have to be examined as well. To a great degree, the activities undertaken by the Analysis of Corporate Sector Constraints in Agriculture (ACSCA) Project have provided the information base upon which specific changes in government policies and, hence, involvement in the agribusiness sector can be proposed and/or made. Undertaking these changes will be challenges to the government. There will be political risks as well. To slightly

7It has become somewhat of a tradition among Pakistani leadership to appoint civil service reform commissions and committees during their tenure in office. In 1953, Rowland Egger completed a study commissioned by political leadership entitled "The Improvement of Public Administration in Pakistan." In 1955, Bernard Gladieux was commissioned by the Government of Pakistan to make recommendations regarding the reorganization of administration in Pakistan for planned economic and social development. Ayub appointed the Pay and Services Commission chaired by Chief Justice A. R. Cornelius in 1959. In 1969, Ayub also established the Reorganization of Service Structure Committee (the Power Committee) and the Services Reorganization Committee (the second Cornelius-led inquiry). Zulfiqar Ali Bhutto appointed the Administrative Reforms Commission headed by Khurshid Hasan Meer in 1972. General Zia-ul-Haq appointed the Civil Services Commission chaired by Chief Justice S. Anwar-ul-Haq in 1978. The last reform commission, the Services Reform Commission, was appointed by Benazir Bhutto in February 1989.
rephrase what our civil war President Abraham Lincoln said, "you can satisfy some of the people some of the time but you cannot satisfy all of the people all of the time." The current system of government regulations and controls has proved to be both inefficient and ineffective in facilitating the development of the agribusiness sector. It's time to change the system. I might add that changes in government attitudes towards the private sector are warranted. Pakistani business persons are not all crooks just as not all Pakistani civil servants are corrupt. I think that some of the attitudinal changes needed in government circles towards the private sector will occur naturally. Since the mid 1970s, I have noticed that many sons and daughters of Pakistani civil servants prepare themselves for careers in business not government.

On the issue of civil service attitudes, I also hope that Iskandar Mirza’s belief in the invincibility of the civil service has been laid to rest. As the President of Pakistan, he once remarked:

\[
\text{You cannot have the old British system of administration and allow politicians to meddle with the civil service. In the British system the District Magistrate was the king-pin of administration. His authority was unquestioned. We have to restore that.}^8
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In sum, what appears to be the major need required to pursue agribusiness development is a reform of the public administrative system. But it is not the kind of reform proposed in the 1950s, 60s, 70s or even the 1980s. It is reform which will meet the needs of the 1990s in a radically and rapidly changing global reality. Reform decisions must be made by democratically elected leaders and must be faithfully carried out by the civil service. Specific reforms to be considered will be addressed by Dr. Hesser in his presentation on August 6th.

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VI. CHALLENGES TO THE PRIVATE SECTOR

I am old enough and have studied Pakistan long enough to remember when segments of the private sector (at least the "Lucky Twenty" families) were the targets of political attack and members of the largest industrial family groups had their passports lifted. I remember two quotations from prominent industrial family group members made during that time period. One quotation was: "The spouting whale gets the harpoon" which was made in response to the question why industrialists are not active in politics in Pakistan. The other was:

> If you kill [a] cow, you have meat for one day only. But if you keep [the] cow, you have milk every day. Pakistan needs milk now.⁹

These quotations perhaps correctly expressed the attitudes and concerns of the major industrial houses in the early 1970s. In fact, after Mr. Bhutto's government nationalized the vegetable oil or ghee industry in August 1973, small and middle sized businessmen (some of whom were active in the Pakistan People's Party) may have felt the same way.¹⁰ But the times have changed. Pakistani businessmen have had almost a decade and one-half of encouragement by government to invest more and take a more active role in the development of the country. However, in dealing with government officials, businessmen still seem to assume the role of tenant farmer approaching the zamindar in rural Punjab. This style or form of relationship has to change. This is a challenge to both government officials and businessmen.

Another challenge to the private sector is to continue to move away from the traditional model of the private firm whereby only family members make decisions and manage the firm. Agribusiness is a highly technical area which demands leading edge talent to be competitive. Some change has already occurred. Pakistani firms employ more non-family MBA holders than in the past and Pakistan produce its own MBAs who can hold their own world-wide.

Still another challenge is image. The "make the money and run" image that seems to still prevail among government officials as well as non-business community citizens needs to be changed. Pakistani business is changing its image by philanthropic activities and by long term investments in meeting its own human resources requirements. A case in point is the investments made by the National Management Foundation in the Lahore University of Management Sciences. But these activities are only the beginning and much more is required.


VII. CONCLUSIONS AND RECOMMENDATIONS: WHAT MUST BE DONE

In conclusion, I have been very impressed with what the Analysis of Corporate Sector Constraints on Agriculture Project has been able to accomplish in a relatively short amount of time. I also think that the government of Benazir Bhutto has recognized the need for change in government-private sector relations in the agribusiness sector. Government spokespersons have said the correct things with regard to the role of the private sector in agribusiness. At the April 2-3, 1990 Seminar on Agribusiness Development in Pakistan, the Federal Minister for Food, Agriculture and Cooperatives, Mr. Rao Sikandar Iqbal, said several things that are worth repeating:

"It is a matter of great privilege for me to be amongst you this morning to inaugurate the Seminar. A subject of enormous significance to the country's economy. This is indeed a good omen and is symptomatic of the happy blending of the public and private sectors as envisioned by the manifesto of the People's Party, to usher in an era characterized by fuller participation of the private sector in the agri-related investment and economic activities. Some of the policy choices and measures which palpably demonstrate and manifest the keenness of the Government to promote and resuscitate the private sector are as follows:

1. We have declared in unequivocal terms in our Party's manifesto that there will be no nationalization of industries.

2. Present Government has lifted controls on manufacturing of almost all agri-business products. The prices of raw materials are also no more regulated by the Government. This is a major shift towards deregulation of policy and price controls.

3. Agribusiness investment policy has been made quite attractive. [and] include[s] simplification of sanctioning procedures, elimination of restrictions and rules and regulations which obstruct private initiative."

If the minister's remarks were at all reflective of government thinking and, as important, government actions, then the public sector environment for agribusiness may be in the process of change.

Instead of continuing the traditional role of government as parent, government should think in terms of a partnership with the private sector. Specifically, the government should:

1. review its pricing, investment and credit allocation policies with regard to their impact on the development of the agribusiness sector so that the private sector is encouraged to make the kinds of long term investments that will be of value to the people of Pakistan;

2. remove price controls on products deemed essential for the further development and involvement of the private sector in agribusiness;

3. review, for the purpose of revamping, its vetting system to simplify and speed up the process of licensing new private concerns;

4. make changes in its investment policy to prevent the further deterioration of strategic service networks (the railways, for example) which are essential to agribusiness;

5. make changes in its credit allocation system so as to prevent private sector agribusiness firms from being crowded out;

6. review for the purpose of eliminating ut-dated rules and regulations;

7. experiment with contracting out to the private sector the management of government enterprises when government decides that it must retain ownership for very compelling political or strategic reasons;

8. enforce existing standards with regard to product quality control and phytosanitary safety and introduce truth in labeling for consumer protection. Enforcement of these standards are not only important for Pakistani consumers but would also help Pakistan to improve its opportunities to expand its agricultural exports; and finally,

9. encourage positive and helpful attitudes towards expanding private sector agribusiness operations.

To make these changes at least a minimum of three things are required:

1. a commitment on the part of elected officials at the federal and provincial level to make sure that the changes go into effect;

2. a commitment on the part of civil servants responsible for implementing government policies to implement the changes; and
3. a willingness on the part of the private sector to take advantage of new policies and new attitudes.

If these changes in policy and behavior occur, they will encourage the private sector to make long term investments in agribusiness. The private sector, on the other hand, must be prepared to take advantage of the opportunities in the agribusiness sector that the government offers.