



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

Papers downloaded from AgEcon Search may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

281.8
Ag835

5

Vol. 26 No. 3
OCTOBER 1987

Price R2,00
(+ GST)



Agrekon

FOUR-MONTHLY JOURNAL
ON AGRICULTURAL
ECONOMICS

Issued by the Department of Agricultural Economics and Marketing

USDA
NAT'L AGRIC. LIBRARY
RECEIVED
JUN 1 1988

DETERMINING THE FUTURE: THE GOVERNMENT AS DECISION-MAKER

by C.S. BLIGNAUT*

INTRODUCTION

Determining the future: The Government as decision-maker. The discussion of the foregoing should start with a technical amendment, namely "the Central Government as *policy-maker*" instead of "the Government as decision-maker". Please note that policy-making and decision-making are not synonymous¹. *Policy-making* refers to the thought processes that precede a policy statement. *Decision-making* is the deliberate choice of one from among alternative strategies in order to solve a particular problem or achieve an objective. A decision is merely a moment in a continuous process in which alternatives related to a particular problem or objective are evaluated and the decision-maker is forced to make a deliberate choice among alternatives by, *inter alia*, objectively evaluating factual information and values and bringing facts and values in relation to one another (Hanekom, 1987).

This is a suitable stage to explain that the Central Government derives the formulation of concepts of social problems and needs that it requires for policy-making from several sources. A few examples of such sources are commissions, interdepartmental committees, standing committees, expert committees, research reports, advisory bodies, etc.

The actions of the Central Government are decisive for the future and the future welfare of society. The amendment suggested is therefore more technically correct because society's welfare is promoted by policy as determined by the policy-maker (Central Government), the available resources, the extent to which the policy-maker reveals a clear conception of social problems and needs and the nature of public policy (*ibid*).

The subject is made even more manageable for an agricultural economist by a reduction in the number of actors. The number of possible actors has already been reduced by omitting local authorities with the paring down of "Government" to "Central Government" and this term will be further limited in this paper, being applied chiefly to the Department of Agricultural Economics and Marketing. Even this paring down gives rise to questions about the potential actors that could be associated with the Department, such as parastatal organisations, standing committees, the National Marketing

Council, agricultural co-operatives, etc. These organisations are included in the collective context.

In an attempt to evaluate its influence in determining the future, the Central Government as a policy-maker should be subjected to qualitative evaluation. In order to do this we shall attempt to determine the extent to which the policy-maker, namely the Department of Agricultural Economics and Marketing, reveals a clear conception of agriculture's social problems and needs, and its interpretation of the nature of history and the nature of public policy as reflected by reasonableness, the role of officialdom and policy evaluation.

Although these concepts will be briefly described point by point, the discussions in the second half of the paper will refer to them at random.

Duality of departments

Like all Central Government policy-makers, the Department concerned has a dual nature and has both a political and an administrative dimension. The *political* dimension reflects the involvement of the policy-maker, as embodied in a Minister and Deputy Minister, in decisions on the activities and resources required to attain visualised objectives. The *administrative* dimension is involved in the implementation of policy, namely the realisation of the objectives in the parameters determined and the resources allocated by Parliament.

Policy changes and officialdom

Public policy does not merely spring into being, but arises in the values, needs and demands of the community or of community groups (Blignaut, 1972; Hanekom, 1987). In order to be effectively geared to the future, public policy has to be continuously subjected to review by the policy-makers so that the aims of policy go hand in hand with the nature of history. It is difficult to determine the nature of history since it does not move in the same direction continuously and it is a problem to determine whether the policy-makers are being confronted by a new trend or whether this is merely a deviation from the existing trend, which will continue.

Possible changes in public policy may arise among senior officials who are responsible for both the formation and the implementation of public policy, and who are also confronted with the task of putting legislation into action, or may arise through

*Department of Agricultural Economics and Marketing

the efforts of interest groups or influential individuals. The role of the official in possible policy changes should not be underestimated. Officials, especially those in top management positions, have seven policy functions. They are innovators, advisers, formulators, implementers, monitors, analysts and evaluators. Officials are also referred to as the supplementary policy-makers. The role of officialdom in policy-making should therefore not be underestimated, but there is also a danger of it being overestimated. Both approaches are erroneous.

One area of public policy-making where the elected policy-maker and officials *have to* act in a complementary manner is creative policy-making. Creativity is a product of the mind and not of institutions or textbooks. Creative thought in specialised fields as well as sensitivity to and insight into the problems of others are required in order to plan policy that is geared to the future with a view to the attainment of objectives.

The milieu within which the officials perform their task is political and they are continuously confronted with political, cultural, economic and environmental factors, values that are generally accepted by society, existing policies and preferences, and the traditions of the department. A very important consideration in respect of the division between the elected policy-maker and the official is the consideration that the official makes a factual judgement whereas the political office-bearer is responsible for making a value judgement.

Reasonableness in public policy

Reasonableness in public policy-making requires that difficult choices between alternatives be made in order to attain the pre-determined objectives. For this one requires the clear identification of objectives, alternatives, costs and benefits, each placed in order of importance. Reasonableness does not necessarily mean that choices will be optimal or will be democratically or politically the most desirable. Consequently a compromise is required that to some extent contradicts attempts to be reasonable. In many cases reasonableness is not attained owing to certain obstacles in its path, such as the following:

- subjectivity; this is when the personal values of the elected representatives and the appointed officials influence their objectivity during the choice between alternatives,
- sunken costs,
- conflicting consequences; expected and unexpected consequences of a particular policy may conflict, and
- expectations for the future; policy is geared to the future but the future is an unknown factor that may give rise to a degree of speculation in the policy-making process.

Policy evaluation

Owing to the many speculative factors involved

in a future-directed policy it is necessary for the policy to be evaluated. The evaluation of policy need not necessarily take place only after the application of the policy, but can be carried out in a continuous manner during the policy-making process.

The evaluation of public policy is aimed at the contents, application and impact of policy in order to determine to what extent the specified policy objectives are attained. The above implies that public policy evaluation is aimed at determining what the impact of policy on practical situations is and could be in order to determine whether the policy makes any difference or whether the results of the policy are really the consequence of policy actions. Policy evaluation may lead to the formulation of better policy so that objectives can be attained or even modified.

Policy evaluation may be carried out by the policy-makers, those who administer the policy, those to whom the policy is applicable or by subject specialists such as specialists in public administration, economists, sociologists, legal experts etc. Policy evaluation by agricultural economists is commonly encountered (compare for instance Laubscher, 1986; Nieuwoudt, 1985; Ortmann, 1985; Döckel, 1985; Groenewald, 1985; Kassier, 1986; Nieuwoudt, 1985a). Policy evaluation by any of the above-mentioned groups has advantages and disadvantages, for instance the evaluation is carried out from the angle of a particular profession. Interdisciplinary and multi-disciplinary evaluation teams can obviate many of the disadvantages provided that the team does not approach the matter from the point of view of a particular interest group and if it is borne in mind that there are certain limitations in the way of effective policy evaluation. Policy evaluation is also dependent on the relevance, meaningfulness, validity, accuracy, objectivity, timeliness and usefulness of the information.

Policy evaluation can also be used to evaluate not the political ideology but the effect of a political ideology as embodied in the resulting public policies on the welfare of society. The three best known ideologies are the laissez-faire ideology, socialism and welfare statism.

The definition of a welfare state is that the Central Government is of the opinion that the promotion of the welfare and mental health of the people is the task of the State, and that the State should create opportunities for competition so that the good things in life can be obtained. With a collection of public policies of this kind there is no field in the life of the people that is exempted from government intervention or regulation.

Although South Africa cannot be regarded as a welfare state in the classical sense, many of the characteristics of such a state are present. Examples here are measures to rehabilitate those dependent on alcohol and drugs, to control the smoking habit, counteract the formation of monopolies, provide educational facilities etc.

An attempt must be made in this section to carry out a qualitative evaluation of the Central Government, but more specifically the Department

of Agricultural Economics and Marketing, (AE&M), as a policy-maker and determiner of the future. In so doing it should be borne in mind that the Department consists of a political and an administrative dimension. This discussion will be conducted on the basis of three recent policy questions, namely the reconstruction of agriculture, privatisation and food and nutritional strategy or policy.

The reconstruction of agriculture

When the phrase "reconstruction of agriculture" is heard by various actors in the policy-making process different connotations as to the meaning of this phrase arise.

We agricultural economists who have pointed out adverse trends in agriculture on many occasions from platforms and in writing on the basis of research reports (e.g. Groenewald, 1985; Nieuwoudt, 1985a) experience a resentful feeling of futility because the policy-maker for various reasons (Kassier, 1986) has not interpreted the values and needs of society and therefore the dynamic nature of history correctly. It is also contended that the political policy-maker uses the appointment of commissions and departmental and interdepartmental committees to gain time but that nothing happens afterwards.

Furthermore, some product groups may see opportunities to get the production of their products expanded. Others again see red lights and intense marketing problems for their products that could result from structural changes. Some farmers expect a big helping hand and others view the whole matter sceptically.

The Treasury is concerned with the question of how to balance the Central Government's books in view of the increasing demands that are being made.

All these opinions and numerous others that have been expressed on this matter are necessary because they form part of the inputs that go into the policy evaluation process. These pronouncements are also important because the quality of decisions that will be taken will be determined partly by the information base the policy-maker utilises. The larger this base the smaller the danger of administration by guesswork. The Public Service will have to turn outwards to an increasing extent in order to obviate administration by guesswork. One method is to promote team-work among various Government departments and also among Government departments, universities, research institutions and the private sector. Where this method is adopted Government departments will have to guard against overprotection of interests or empires (Kassier, 1986). Occasionally departments consider their empires more important than the general interest. Co-operation in the team context can be organised on a formal or informal basis. For example, the contracting of research is a method of formal co-operation whereas requests for voluntary inputs around a particular problem such as a

marketing scheme form an example of informal co-operation. The publication of research results at specialised congresses and personal communications are further examples of how the danger of policy-making and administration by guesswork can be obviated.

In a process of this kind, whether formal or informal, the cautionary words of someone like S.J.J. de Swardt and others (Kassier, 1986) that the actors cannot simply accept that what they say or recommend will be applied should be borne in mind: indeed the actors will have to earn their status by building up a history of objectivity and scientific accuracy. This statement is aimed not only at individuals but also at disciplines. A discipline can so easily create the impression that its supporters are merely skilled compilers of complaints and grievances, with the result that the policy-maker begins to doubt their good faith.

The result of this is that the information base of the policy-maker is reduced, which is detrimental to everyone.

To refer more specifically to the State President's directive to his Economic Advisory Council (EAC) the essential question is - what was the intention of the policy-maker in issuing this directive? The EAC had to make recommendations on the following:

- (i) The role and importance of the primary agricultural industry in the South African national economy;
- (ii) a statement of principle on the necessity for special measures directed at reconstructing agriculture;
- (iii) possible measures directed at the reconstruction of the agricultural industry, with specific reference to the contribution Central Government and other sectors of the national economy can make; and
- (iv) the degree of priority the reconstruction of agriculture should enjoy in Government policy and therefore also in Government spending.

The report of the Economic Advisory Council was completed and the Cabinet pronounced in favour of agriculture with regard to the role and importance of agriculture, the necessity for special reconstruction measures and the priority of the reconstruction of agriculture.

These pronouncements were not mere show but were policy declarations or the announcement of the policy-maker's policy intention with regard to the agricultural sector within the national context.

This policy declaration should be read together with the White Paper on Agricultural Policy, since the directive to the Economic Advisory Council was that its investigation should be dealt with within that context.

Such policy declarations serve as inputs in the decision-making process. For example, the pronouncement on the priority of agriculture is an input for the State President's Priorities Committee. This Committee has to assign a priority ranking to each department in the broad national economy. The

Central Government deals with its budget on the basis of these priorities.

The third assignment led to measures such as the adjustment of existing financial assistance measures to farmers in the summer rainfall cropping areas, the introduction of aid to stock farmers in the descheduled areas, financial support to maize farmers and the recently announced Special Agriculture Reconstruction Committee, which will have to give attention especially to further attempts to assist needy farmers for whom financial salvation is still possible. An Interdepartmental Working Group was also entrusted with the task of finding ways to implement the recommendations of the Economic Advisory Council.

In ordinary parlance the above will be referred to as "decisions by the Government"; however, these are policy. Questions can now be posed regarding the reasonableness, applicability, creativity, etc. of the policy. The questioner is then entering the field of policy evaluation. The officials are also among the actors concerned with policy evaluation. Indeed, the top management of the Department of Agricultural Economics and Marketing started with policy evaluation after the above policy declaration - in which they were instrumental in that they defined the factual side in the policy-making process. This evaluation was conveyed to the full Cabinet and on this basis certain decisions on policy principles regarding the reconstruction of agriculture were taken. The value of such statements of principle is that the administrative/professional dimension of the Department received direct guidelines from the highest authority on the basis of their professional inputs.

The allegation that the policy-maker does not react to official and unofficial reports is therefore only partly true because the policy-maker may decide, for instance, that a particular proposal is not acceptable. A good example is the recommendation of a dual marketing system for maize, which was not accepted, and certain recommendations of the Steenkamp Report on Co-operative Matters (Report 1967a). Many of the recommendations of the latter Commission were conveyed to the information base of the policy-maker, which, in this case, was organised agriculture and non-co-operative commerce. After a few deadlocks had become evident the policy-maker (the Cabinet) exercised choices between the alternatives and decided, for instance, that agricultural co-operatives should be taxable.

Following the report of the Commission of Inquiry into Abattoir and Related Facilities (Report 1967a), the Abattoir Industry Act, 1967 (Act 86/1967) and the Animal Slaughter, Meat and Animal Products Hygiene Act, 1976 (Act 87/1976) were introduced. The "Komitee van Onderzoek na Finansiële Bystand aan Openbare Diensabattoirs in die Buitegebied" (1985) recommended the freer movement of meat to and from the controlled areas and the abolition of protective tariffs and these recommendations were among those accepted.

Numerous other examples where the policy-maker did react to reports are available. It is logical that these policies should be exposed to policy evaluation immediately because they will be satisfactory to some people but not to others.

In dealing with amendments to the Marketing Act, in the opinion of the author, there has been a lack of creativity and little evidence of moving together with the nature of history.

Privatisation

It was stated above that South Africa is not a welfare state in the classical sense, but that characteristics of such a state are present (Hanekom 1987).

In this regard the Central Government decided that its direct involvement in the daily affairs of society as illustrated by the Government's spending as a percentage of the gross national product (30%) should be reduced. One option in achieving this is privatisation. This is an attempt to reduce the Government's share in the economy and create more opportunities for the private sector. In other words, those activities are privatised that, judged by criteria that have been laid down, can be performed just as well or better by the private sector. Privatisation can therefore be either the total transfer of an activity or the contracting out of the whole activity or part of it (1987 Annual Report of the Commission for Administration).

Privatisation should not be regarded as an end in itself but rather as a method of achieving greater balance between entrepreneurship and public administration (Syncrom, 1986). The policy of privatisation is again the consequence of policy evaluation that has led to the Central Government's value judgement of norms and objectives being modified, a matter which is now providing inputs for addressing the whole administration of policy.

In adopting this policy the Central Government wishes to reduce its bureaucratic base but enlarge its information base and important decision-making criteria are being shifted from the political to the economic arena (Syncrom, 1986), which reduces politically subjective judgement and could lead to greater reasonableness in public policy. Privatisation will also reduce potential conflict by leaving the distribution of resources to the market mechanism of supply and demand and at the same time boosting creativity.

In the privatisation investigations teams are used, as in the case of the Department of Agricultural Economics and Marketing, to evaluate the functions of the various directorates. A function often consists of several activities. While certain functions can only be carried out by the State, it may be found that some of the activities that constitute a function of that kind are alienable and can therefore be privatised.

National defence is an inalienable function of the Central Government, for instance. However, not all the activities necessary for the performance of this

function need be undertaken by the Central Government.

Broadly speaking, the investigations can be divided into the following three phases:

- An activity is identified for possible privatisation.
- A feasibility study to determine whether the activity is privatisable in principle is carried out.
- A privatisation plan is designed and those involved implement the decision.

Twenty-eight investigations have already been completed and it has been proposed that approval be given in principle for the privatisation of 26 activities.

For the sake of creativity privatisation is very broadly interpreted and may take the following forms *viz* transferral, withdrawal, concession, joint undertaking, joint use of facilities, contracting out and deregulation (or liberalisation).

The criteria applied to determine whether an activity can be privatised are the presence of private initiative, the risk to State security or internal order, the presence of competition and the influence on political and social objectives (Commission for Administration, 1987).

The Department of Agricultural Economics and Marketing was one of the first to be subjected to an investigation, which has already been completed. However, during 1986 the Cabinet had already announced that the regulation of meat and cotton and the marking of meat would be privatised. A recommendation that the grading of butter and cheese should be deregulated is awaiting a decision.

The process will probably have the biggest impact on staff numbers in the Directorates of Plant and Seed Control and Agricultural Product Standards. The question up to what level of control inspections and therefore Departmental standards and prescriptions should be either deregulated or privatised is being investigated at present. On the policy side the most urgent matter is equity, especially towards the consumer and towards producers and processors of agricultural products.

In respect of the fresh produce markets the policy-maker is particularly sensitive to the need to protect the consumer. As broad guidelines in negotiations in progress at present in respect of agricultural products intended for export and subject to inspection by the Directorate of Agricultural Product Standards, it may be accepted that the regulations will remain as at present provided that an exporter can advance reasons for deregulation. Regulations applicable to products intended for domestic fresh produce markets will lapse unless reasons can be advanced why this should not occur. The inspection and laboratory analysis functions for products intended for both the domestic and the overseas markets will probably be privatised. The Directorate of Agricultural Product Standards will exercise an auditing function in both these cases, and in the case of meat.

Questions directed towards the future that have important policy connotations in this regard concern

the standards the majority of South African consumers will expect of food products (compare Myburgh, *et al.*, 1986). A counter question is, what degree of refinement of food products will the South African consumer be able to afford in 1997?

This policy question leads to the following point, namely an announcement by the Central Government that it is to give attention to the formulation of a food and nutrition strategy for the Republic of South Africa.

Food and nutrition strategy

In this case the policy-maker again used an Interdepartmental Task Team which was directed to

- formulate proposals on a directive to a "Committee" to design a food and nutrition strategy;
- formulate proposals on the possible method such a Committee should follow;
- formulate proposals on which disciplines and people should be represented on such a Committee.

The Interdepartmental Task Team has already submitted its proposals. A proposed definition of a food and nutrition strategy reads as follows:

A food and nutrition strategy involves the execution of a dynamic long-term overall plan to influence and support food production, processing and distribution subsystems to such an extent that an adequate nutritional level can be kept within the reach of the consumer at an acceptable cost, the quality being acceptable to the community.

This definition indicates that the investigation will be very technical, in other words many factual matters will have to be judged. However, it also embraces certain value judgements such as what cost and quality would be acceptable to the community. In formulating policy the policy-maker will therefore have to give attention to both dimensions, namely the value and factual judgements.

CONCLUSION

Since the determination of the future is effectively geared to the future, the policy-maker is dealing with long-term concepts.

It is indeed at this point that the roles of the two most important actors in policy-making, namely the elected policy-maker or politician and the bureaucrat or Government official, would differ with regard to time if the departmental head of a Government department were to come from among the ranks of the elected politicians - the spoil system as it is known. In the first instance the view of the official is a long-term and future-directed one. On the other hand the objectives of a political appointee are necessarily of a short-term nature because he has to pursue the goals of the governing party. In order to make as much political capital out of his administration as possible it is necessary that as many successes as possible should be recorded. It is

possible to attain short-term successes in any department, but policy has to move together with the nature of history and a short-term gain is sometimes to the detriment of long-term welfare. The pursuit of short-term "successes" that do not fit in logically with long-term policy amounts to crisis management or *ad hoc* policy-making, which can make life very difficult for the following administration. This situation is also known as the bureaucratisation of politicians.

The opposite is also a danger, namely the politicisation of bureaucratic functions. This happens if the official acts on political grounds and starts uttering political pronouncements. The biggest danger of this arises when the nature of the work of a department and an officer is highly technical and the officer overplays his hand and starts making value judgements. This does not mean that it is wrong for the officer to include community values and standards in his memorandum to his political head, but he should confine himself to judging factual matters.

Both the bureaucratisation of the functions of politicians and the politicisation of the functions of the bureaucracy will lead to conflict between politicians and officials. One reason for this is that for the officials a favourable result that follows policy is an input and a means to further policy-making, whereas a favourable result for a political head is an end in itself.

It appears that the agricultural policy-maker makes use of his information base to a varying degree - a conclusion that has been inclined to the positive side during the last decade especially. Because, especially in the case of value judgements, there is a long interval before a decision is taken, reasonableness and timeliness have sometimes been sacrificed. Creativity could also receive more attention.

Any government consists of people with human aspirations, weaknesses and strengths. Consequently they can achieve successes and make mistakes. It is the democratic right of all citizens to comment on the mistakes and successes. The agricultural economist as a social scientist who controls decision-making instruments applicable to factual data and to values and standards is very sensitive to policy. This makes the responsibility of the agricultural economist to enhance policy successes in a responsible and scientific manner and address

policy mistakes so much the greater. This responsibility arises from our duty towards our country and towards agriculture, but also towards our subject, which requires to be advanced.

Remember what Jesus said in his sermon on the mount:

"Wherefore by their fruits ye shall know them".

NOTE

¹⁾ Political concepts dealt with come from Hanekom (1987)

BIBLIOGRAPHY

BLIGNAUT, C.S. (1972). A few thoughts on agricultural policy in the light of changed conditions. *Agrekon* 11(2): 26-31

DÖCKEL, J.A. (1985). Impact of available policy options on trade and macro-economic behaviour. *Agrekon* 25(2): 45-52

GROENEWALD, J.A. (1985). The performance of past food, agricultural and trade policies: Implications for the future. *Agrekon* 25(2): 53-58

HANEKOM, S.X. (1987). *Public Policy: Framework and instrument for action* MacMillan South Africa, Braamfontein

ANNUAL REPORT OF THE COMMISSION FOR ADMINISTRATION (1987). RP 33 of 1987

KASSIER, W.E. (1986). Change in the agricultural political market: Implications for the future. *Agrekon* 25(3): 18-22

LAUBSCHER, J.M. (1986). Assessing efficiency in marketing: The case for an analysis of the performance of the South African beef and cattle market opened. *Agrekon*, 25(1): 27-34

MYBURGH, A.S., LOMBARD, J.P., SINCLAIR, M. (1986). Supply limitation according to product quality. *Agrekon* 25(1): 35-38

NIEUWOUDT, W.L. (1985). An economic analysis of demand and policies in the beef industry. *Agrekon* 24(2): 9-13

NIEUWOUDT, W.L. (1985a). Agricultural commodity price analysis: Policy options for the future. *Agrekon* 25(2): 38-41

ORTMANN, G.F. (1985). Impact of available policy options on consumer welfare. *Agrekon* 25(2): 42-44

SYNCOM (1986). *Privatisation: Logic, strategy and implementation* Privatisation Position Paper. No. 2: (Prepared for the Afrikaanse Handelinstituut among others)

REPORT OF THE COMMISSION OF INQUIRY INTO CO-OPERATIVE MATTERS (1967). Government Printer, RP 78/1967

REPORT OF THE COMMISSION OF INQUIRY INTO ABATTOIR AND RELATED FACILITIES (1967a). Government Printer, PR 48/1964

REPORT OF THE COMMITTEE OF INQUIRY INTO FINANCIAL ASSISTANCE TO PUBLIC SERVICE ABATTOIRS IN THE UNCONTROLLED AREAS (1985). Department of Agricultural Economics and Marketing, Pretoria