

BIBLIOGRAPHIC INFORMATION

Title	Ideology And Organizations In Agricultural Development: The Case Of Malaysia.
Source	Sociologia Ruralis; 1977, Vol. 17 Issue 3, p191, 12p
Author 1	Fredericks, L. J.
Author 2	NA
Author 3	NA
Publication/Conference	NA
Edition	NA
Document Type	Article
CPI Primary Subject	Economics
CPI Secondary Subject	Agriculture; ;
Geographic Terms	Malaysia;
Abstract	The purpose of this article is to analyze the limitations and contradictions of agrarian reforms. Basically two types of agrarian reforms are distinguished: reformist and radical. Both types are analysed by drawing on the Chilean experience. The aims and the implementation of each type of agrarian reform are presented before proceeding to their assessment. The contradictions which emerge between the economic, social and political consequences of the two types of agrarian reform are highlighted. Finally the analysis of the peasants' estates seizures in the Melipilla region during the Allende government shows the high degree of organization and class consciousness achieved by the peasantry, but above all it reveals the limitations and contradictions of the "Chilean toad to Socialism".

Centre for Policy Initiatives (CPI)

Pusat Iniatif Polisi

政策倡议中心

<http://www.cpiasia.org>

IDEOLOGY AND ORGANIZATIONS IN AGRICULTURAL DEVELOPMENT: THE CASE OF MALAYSIA

by

L. J. FREDERICKS

University of Malaya

I. INTRODUCTION

In LDCs committed to some variant of democracy, the State has articulated the precept of development for, of and by the people. Its implementation is problematical as the State is averse to de-centralising its prerogatives and mechanisms to stimulate popular participation are inefficient or lacking.

It is the purpose of this paper to examine the State's role in modernizing agriculture in Malaysia, particularly as it bears upon the ideological implications of popular¹ and structured² mechanisms designed to enhance farmer involvement. The underlying hypothesis is that where popular involvement within a democratic framework is difficult to shape, structured agencies fill the vacuum, leading to a new generation of problems and consequences.

II. IDEOLOGY, FARMERS' INSTITUTIONS AND PUBLIC ENTERPRISE

That the State's political ideology governs the form of its participation in modernisation processes is incontrovertible. (Hanson, 1965, p. 155) In the Malaysian agricultural sector, two levels of this relationship are discerned.

First, agricultural cooperatives and farmers' associations manifest an ideological commitment to farmer involvement in modernisation programs. When the British colonialists introduced cooperatives in 1922, their intention was hardly altruistic or consciously political. After Independence in 1957, an attempt was made to introduce populist dimensions to the rural cooperative movement by establishing

an economic system based on cooperative marketing, credit and consumer societies to compete with and ultimately replace rural capitalistic enterprise. (Fredericks, 1974) Farmers' associations proliferated after 1963 along with official disillusionment in cooperatives as a rural development tool. Both institutions reflect an attempt to de-centralise the processes of government and, however weak, to institutionalise farmer participation in modernising and re-structuring rural society. Furthermore, if one accepts, *prima facie*, that these are democratic and egalitarian organizations, an effort to popularise participatory democracy is indicated.

Secondly, public enterprise expansion into the agricultural economy after 1969 reflects some fine nuances in Malaysia's traditional policy bias to private enterprise and the free play of market forces. To some degree, the ideological pendulum has reversed to the 1955-63 cooperative experiment to replace private, capitalistic enterprise. The 1969 race riots resulted in a greater policy emphasis on the distributional aspects of growth in a multi-ethnic society. On this basis, the New Economic Policy was formulated with the twin objectives of correcting racial economic imbalances and restructuring society. (Malaysia, 1975, p.1; Affandi, 1975, p. 12)

Public enterprise expansion into the agricultural sector in contrast to the cooperative experiment³ marks a radical deviation from what Worsely (1975, p. 6) terms the mediatory role of cooperatives as a prime developmental instrument towards centralised decision-making in agricultural development programs.

III. BUREAUCRATIC SPECIALIZATION

During the colonial period, the country's administration was centralized and oriented towards law-and-order maintenance and revenue collection. It was only in 1951 that RIDA (Rural and Industrial Development Authority) was established solely to promote Malay rural development. With a vast responsibility and acutely limited resources, its role, however, was soon reduced to supplying capital to marketing and credit cooperatives. The Cooperative Department was then given the initiative and with one exception⁴ was the only rural development bureaucracy until 1963. Up to 1969, only FAMA (Federal Agricultural Marketing Authority) was created with more extensive powers and resources than those given to the Cooperative Department, in order to improve agricultural marketing efficiency. The main thrust of public enterprise growth took place after this:

both federal and state agencies deriving authority from specific or existing legislation were established. (Singh, 1974; Robinson, 1974; Herbert, 1974; Affandi, 1975)

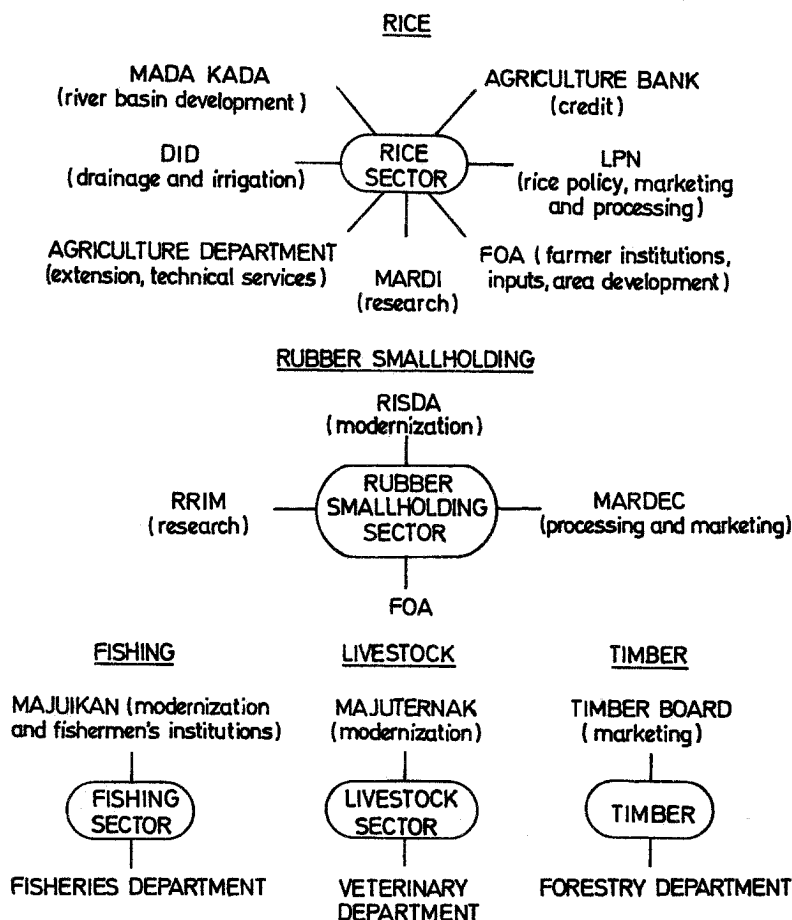
For the traditional civil service oriented to conservative, regime-maintenance goals, the new bureaucracies precipitated the conflicting values of innovation, adaptation and change. The administrative solution was to endow them with greater financial and administrative independence to promote their modernising goals. Again, for them, professional competence at variance with the generalist traditions of the civil service was projected. It is valid, then, to state that functional administrative specialization was a common characteristic of the new bureaucracies. This was shaped by the planner's broadening perception of the matrix of relationships inherent in the rural socio-economic structure and the need for unique bureaucracies to modernise perceived critical linkages in the system. An implicit belief was that factor-product markets were not a powerful source or medium of technical change or they could not reflect economic incentives back to the producer. Or, it could be that the rate of transmitting change and incentives was inconsistent with the State's developmental schedules.

Although one could differentiate between horizontal or vertical administrative structuring, it is more meaningful to view public enterprise operations in the sub-sectors of the agricultural economy. Diagram I illustrates the network of agencies servicing the various sectors.

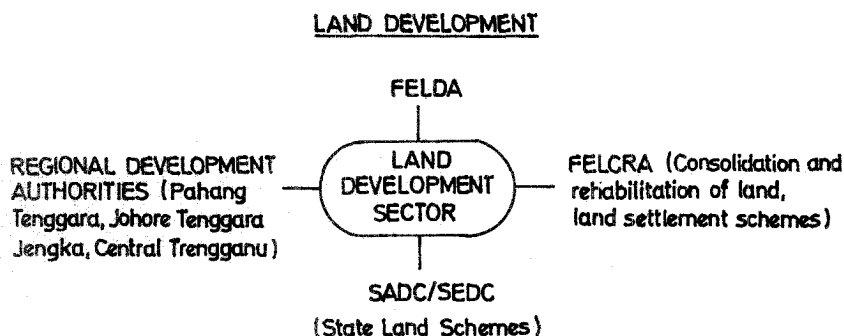
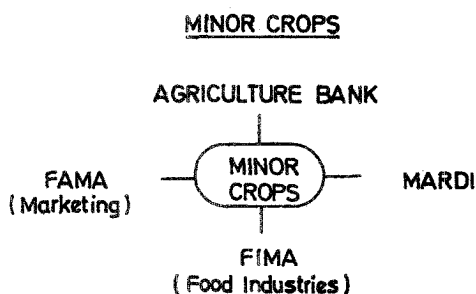
Two basic patterns emerge: in one, a distinct bureaucracy holds prime responsibility for sectoral modernization. FELDA (Federal Land Development Authority) is a unique example in assuming economic, social and managerial functions in land development and settlement schemes. In the smallholding rubber sector (2.7 million acres, 554,000 smallholders), RISDA (Rubber Industry Smallholders Development Authority) has full developmental powers, while FOA (Farmers Organization Authority), MARDEC (Malaysian Rubber Development Corporation) and RRIM (Rubber Research Institute of Malaysia) perform supplementary servicing functions. Theoretically, this administrative pattern facilitates inter-agency coordination.

The second pattern does not define sole executive responsibility in a sector. The many servicing agencies in the rice growing sector (971,000 acres, 545,000 farmers), reflect its long history of government intervention. The Agriculture Bank channels production credit, LPN (National Padi and Rice Authority) manages the Guaranteed Minimum Price Scheme, the rice stockpile, padi and rice marketing

DIAGRAM 1
AGENCIES SERVICING VARIOUS SECTORS OF
THE AGRICULTURAL ECONOMY



and licensing, etc. MADA (Muda Agricultural Development Authority) and KADA (Kemubu Agricultural Development Authority) are regional river basin development agencies initially responsible for introducing rice HYV's but now additionally given responsibility for comprehensive socio-economic development.⁵ MADA particularly plays a role analogous to FELDA except that it coordinates functional



agencies (FOA, LPN, Agriculture Bank, Fisheries Department, Agriculture Department, etc.) in its operational area. Both administrative patterns exist in land development programs; in contrast to FELDA, FELCRA plays a narrower role in land consolidation and rehabilitation, and recently, was given responsibility for Youth Land Development Schemes. The new regional land development schemes (Jengka, Pahang Tenggara, Johore Tenggara, Central Trengganu) designed to correct regional growth imbalances, also fall in this category.

Functional administrative specialization itself has proceeded along two paths. In one, agencies have been established to emphasise developmental functions hitherto integrated into existing bodies. As pointed out by Esman (1972, pp. 99-106), this strategy reflects a preference for the innovative over the integration objective.⁶ Several

examples abound: agricultural research formerly the Agriculture Department's responsibility was assigned to MARDI (Malaysian Agricultural Research and Development Institute); MAJUIKAN (Fisheries Development Authority) has been allocated fish marketing and development functions previously exercised by the Fisheries Department and FAMA; a similar process has created MAJUTER-NAK (Livestock Development Authority). A rather special case is LPN which has superceded FAMA in controlling the padi and rice industry.⁷ The latter now plays a much reduced role in agricultural marketing.

The reverse process, i.e. integration of existing bodies into a new agency, is rare. RISDA, in superceding the Rubber Industry Replanting Ordinance 1952, assumed authority over schemes managed by the latter, including the Rubber Industry (Replanting) Board, Smallholder Advisory Services of RRIM, Rubber Replanting Scheme and the Planting Material Supply Scheme. The FOA reflects a similar process (detailed elsewhere) in unifying agro-based cooperatives and farmers' associations.

IV. FARMER INVOLVEMENT

Farmer involvement in the process of agricultural modernization remained minimal even after independence because of the strong colonial tradition of externalized bureaucratic control. The existence of farmers cooperatives and associations did not promote strong participative relationships because of the State's predominant role in them. Also, the supervisory bureaucracies (the Cooperative and Agriculture Departments respectively) were not professionally oriented toward human resource development. The existence of the two competing bureaucracies led to a misallocation of scarce national resources and tended to relegate to a secondary status the objective of serving the farming population.

The Farmers Organization Authority was established in 1973 to overcome inter-bureaucratic conflict and converge, via Agricultural Development Centres, the output of various agricultural agencies to farmers. (Fredericks, 1975b). However, in the long-run, even this onerous coordinating function should be subjugated to its primary role in creating conditions to elicit greater farmer response and develop leadership resources distinct from those aligned to traditional, hierarchical or political interests. In the short-run, this objective may be subverted by a lack of competent staff and overriding bureaucratic

controls designed to streamline systems delivering technology, inputs and infrastructural facilities to farmers.

In another sector, FEEDA, which by 1973 had developed 540,000 acres and settled 30,000 persons, has also attempted to motivate settler involvement. It is cogent to observe that these schemes involve a movement of smallholders from the traditional agricultural sector to a new agricultural environment. The settler economy is no longer based on small-scale, technologically unrefined production methods but on plantation systems exploiting large-scale economies. Work patterns are no longer individually determined but relate to aggregate labour requirements for the scheme. Community life is no longer as cohesive as before, as schemes represent a mix of settlers from different localities. Land settlement, then, involves not only economic modernization; it is oriented not only to the settler but to his family too.

Given this situation, FELDA has attempted parallel strategies for economic and settler development with the ultimate possibility that settlers overshadow FELDA management or be vested with sole authority. These strategies involve settler participation in activities hitherto exclusively FELDA - controlled including transportation of f.f.b. (fresh fruit bunches of palm oil), consumer shops, scheme management (Scheme Development Councils), voluntary organizations, etc. (Hashim, 1974) However, much remains to be done to exploit settler resources in these schemes.

V. DISCUSSION

Since Independence, Malaysia has experimented with various farmer participation schemes. The unenlightened use of non-structured organizations has led to a burgeoning public enterprise role in modernising agriculture. Apart from the ideological connotations, various factors raise again what Griffin calls the fallacy of eclectism. Three major areas deserve investigation.

Coordination and Conflict

Multi-level coordination and conflict minimization appear to be highly critical to the expanding public enterprise role particularly with the current emphasis on integrated rural development programs. Nationally, ICDAU (Implementation, Coordination and Development Administration Unit) and the Ministry of Public Enterprises could provide this catalyst. However, their apparent lack of executive

powers and the network of ministerial affiliations of the new bureaucracies would hypothesise the use of persuasion, clout and political linkage to shape coordination and manage conflict. The National Action Council, on the other hand, is an effective forum to review the progress of these bureaucracies. (Affandi, 1975, pp. 61-73).

State prerogatives over land, agriculture, local government and forestry inject another perspective in state-federal coordination. The problem is real: the FOA, for example, has experienced difficulties in securing seconded staff from State agricultural departments.

At the operational level (village, district, development area), coordination and conflict problems are amplified by a plethora of agencies, including those development-oriented and others including local government, health, utilities, etc.

Coordination, however, is to some extent facilitated by two mechanisms. First, statutory management boards represent a cross-section of interests that could facilitate coordination and anticipate conflicts.⁸ Secondly, at least four statutory bodies (FOA, MADA, KADA, RISDA), spell out legal obligations of agencies to report to them.⁹

The problems of inter-agency coordination and conflict are, in the final analysis, related to the following:

- (a) the numbers of statutory bodies servicing a particular sector, e.g. the rice smallholding economy;
- (b) the number of statutory bodies specifically charged with broadly similar functions. For example, observers (Shamsul, 1975, Senftleben, 1974) have recommended rationalization of the efforts of FELDA, FELCRA, SADC (State Agricultural Development Corporations), SEDC (State Economic Development Corporations) and FOA in the land development sector; and
- (c) the extensive powers vested in statutory bodies exceeding their express functions.

The type of agricultural administration in which overriding powers are assigned to an agency would diminish the need for coordination or conflict resolution. However, over-centralisation and inefficiency can easily occur. In the case of MADA, KADA or RISDA, coordination is more tangible but appears most difficult in the rice-growing areas.

Role and Impact

The "new" corporate structures of the agricultural development

agencies seem to be the *raison d'être* of their creation. One would expect, then, that in the various management facets – decision-making, budgeting and financial controls, accountability, policy formulation, staffing-administrative behaviour would depart significantly from traditional norms. While data on management performance is lacking (thus raising the important issue of accountability also), this strategy seems to have come full circle in staffing. Initially, it was expected that an independent staffing policy would attract competent professionals to the new agencies. Recently, a statutory bodies salaries commission¹⁰ has advised a standardisation of inter-agency work conditions. Another commission¹¹ has been set up to seek parity between the latter and other sectors of the government service.

What is of acute necessity is an on-going evaluation of the impact of these new agencies to test two hypotheses:

- (i) that they exhibit behavioural and organisational characteristics contributing to operational flexibility; and
- (ii) that they have a positive impact on rural development.

The two hypotheses above subsume various performance criteria. (Affandi, 1975, pp. 93-96; U.N., 1974, pp. 183-89; Gupta, 1975, pp. 322-345; Khera, 1964, pp. 229-266). Studies of the social cost-benefit type seem relevant: one rare study has concluded that FELDA schemes are both economically and socially desirable projects. (Lim, 1972)

Human Resource Development

It is vitally important that human resource development be given recognition and priority by the growing complex of agricultural development bureaucracies. Greater consideration should be given to sharing decision-making or persuading farmers to share this responsibility. Active farmer participation and leadership development is intertwined with economic and political growth. Such a role is implicit in the promotion of the values of change, innovation and commercialisation among the farming population.

CONCLUSION

The expanding role of public enterprises in the Malaysian agricultural sector implies a firm ideological commitment to them as developmental instruments. Governmental preference for this over either private enterprise or non-structured, egalitarian groupings is clearly

implied. The superiority of this organisational form over the other two forms, neither of which are faultless, should not, however, be assumed. Policy makers must be made aware of the need for coordination and conflict reduction among the bureaucracies and a continuous evaluation of their impact. Of greatest priority, especially in view of its non-consideration, is the necessity to develop farmer participation and leadership to make more tangible the tenets of democracy.

NOTES

- ¹ Spontaneous, non-structured but not necessarily informal organisations.
- ² Mechanisms purposively created to initiate and motivate a planned response.
- ³ From marketing cooperatives to FAMA (Federal Agricultural Marketing Authority) and later to LPN (National Padi and Rice Authority); from credit cooperatives to the Agriculture Bank.
- ⁴ FELDA (Federal Land Development Authority).
- ⁵ For a comprehensive background to agricultural and river basin development authorities see Hauson (1972, pp. 257-355).
- ⁶ Innovation is the capacity to improve performance or induce change, while integration defines the interrelation of component systems to rationalise priorities and allocate resources. See Esman (1972).
- ⁷ The creation of LPN in the Prime Minister's Department only underscores the delicate political sensitivities involved in the rice industry not only in the antagonism between free and public enterprise but also in its racial implications. Conflict management thus becomes a new role for LPN. For further discussion, see Fredericks (1975a).
- ⁸ For e.g. on the FOA Board sit the Directors-General of Agriculture and Cooperative Development, representatives from the Ministries of Agriculture and Rural Economic Development, Primary Industry, Commerce and Industry, Treasury, State Governments, Prime Minister's Department and the Minister responsible for FOA.
- ⁹ See for e.g., Pt. II 4(h) of the FOA Act, Pt. II 4(g) of the MADA and KADA Acts, and Section 6 (2)(a)(ii) of the RISDA Act.
- ¹⁰ Harun Commission on Wages and Conditions in Statutory Corporations.
- ¹¹ Ibrahim Ali Commission.

REFERENCES

- AFFANDI, R. M. (1975), *Coordination of Public Enterprises Country Study: Malaysia*, Asian Centre for Development Administration. Expert Group Meeting (Kuala Lumpur).
- ESMAN, M. J. (1972), *Administration and Development in Malaysia* (Institution Building and Reform in a Plural Society, (Ithaca Cornell: University Press).
- FREDERICKS, L. J. (1974), *Cooperative Policy and Cooperative Development with Special Reference to Malaysia*, *Swedish Journal of Agricultural Research*, 4, 117-128.
- FREDERICKS, L. J. (1975a), *Free Enterprise and the Cooperative Movement in Malaysian Economic Development*, *The Developing Economies*, 12 (3), 229-244.
- FREDERICKS, L. J. (1975b), *Policy Formulation and Agricultural Development Administration: The Farmers' Organization Authority in Malaysia*, *Journal of Administration Overseas*, 14(2), 76-90.

- GUPTA, K. R. (1975), *Issues in Public Enterprise*, (New Delhi: S. Chand and Co.).
- HANSON, A. H. (1972), *Public Enterprise and Economic Development*, (London: Routledge and Kegan Paul).
- HASHIM, A. (1974), *Involvement and Participation of Settlers in FELDA Scheme Development*, FELDA Officers' Conference, (Kuala Lumpur).
- HERBERT, C. (1974), *Public Enterprises in Malaysia*, Workshop on Research Needs in the Management on Public Corporations in Asia, (Kuala Lumpur).
- KHERA, S. S. (1964), *Management and Control in Public Enterprise*, (New York: Asia Publishing House).
- LIM, S. C. (1972), *Land Development Schemes in West Malaysia, A Study of Benefits and Costs*, Ph. D. dissertation, (Canberra: Australian National University).
- MALAYSIA (1975), *Mid-Term Review of the Second Malaysia Plan 1971-75*, (Kuala Lumpur: Government Printers).
- ROBINSON, H. (1974), *Public Corporations in Malaysia*, *Development Administration Review*, 1, 19-21.
- SENFTLEBEN, W. (1974), *Background on Agricultural Land Policy in Malaysia*, unpublished manuscript.
- SHAMSUL, T. (1975), *Rural Landlessness and Land Development in Malaysia*, Second Economic Convention of the Malaysian Economic Association, (Kuala Lumpur).
- SINGH, J. (1974), *Public Enterprises and Their Legal Structure in Malaysia*, unpublished manuscript.
- U.N., (1974), *Organization, Management and Supervision of Public Enterprises in Developing Countries*, (New York).
- WORSLEY, P., (1971), *Two Blades of Grass The Role of Rural Cooperatives in Agricultural Modernisation*, (Manchester: Manchester University Press).

SUMMARY

The paper examines the hypothesis that the growing public enterprise involvement in the Malaysian agricultural sector represents a definite policy choice and ideological commitment to public enterprises over either private firms or egalitarian institutions. However, the rapid growth of such public enterprises brings with it a three-fold impact. Ideologically, it reflects a trend toward greater centralization of decision making; administratively, it creates problems of inter-bureaucratic conflict and duplication and projects a real need for ongoing evaluation; in terms of human resource development, maximum attention should be given to the role of bureaucracies in creating new farmer leadership material and greater farmer involvement. This role has been completely neglected in the past.

RÉSUMÉ

Cet article examine l'hypothèse que l'importance croissante de l'entreprise publique dans le secteur agricole Malais représente un choix

politique défini et un engagement idéologique pour l'entreprise publique au détriment de l'entreprise privée et des institutions égalitaires. Cependant, la croissance rapide de telles entreprises publiques a un triple impact. Idéologiquement, elle reflète une tendance vers une centralisation accrue des décisions; administrativement, elle crée des problèmes de conflits inter-bureaucratiques et de duplication et rend nécessaire une évaluation constante de la situation; en terme de développement des ressources humaines, une attention maximale devrait être portée au rôle des bureaucraties dans la création d'une nouvelle catégorie dirigeante paysanne et d'un engagement accru des cultivateurs. Ce rôle a été complètement négligé de par le passé.

ZUSAMMENFASSUNG

Der Artikel überprüft die Hypothese, daß die zunehmende Bedeutung der öffentlichen Unternehmung im malaysischen Agrarsektor eine klare politische Entscheidung und ideologische Bejahung zugunsten öffentlicher Unternehmungen und zum Nachteil privater Firmen und egalitärer Institutionen bedeutet. Die rasche Zunahme solcher öffentlicher Unternehmen bringt jedoch in dreifacher Hinsicht Auswirkungen mit sich. Ideologisch, reflektiert sie eine Tendenz zu stärkerer Zentralisation von Entscheidungen; administrativ, schafft sie Probleme eines innerbürokratischen Konflikts, verdoppelt den Arbeitsaufwand und macht eine fortwährende Bewertung der Situation notwendig; im Sinne der Entwicklung menschlicher Ressourcen sollte der Rolle der Bürokratie bei der Schaffung einer neuen Form der Bauernführerschaft und der Förderung eines wachsenden Engagements der Landwirte größere Aufmerksamkeit geschenkt werden. Diese Rolle ist in der Vergangenheit vollständig vernachlässigt worden.

