



132

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PAGE 1 OF 3

**UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER**

PROGRAMME: DEGREE IN AGRICULTURE (AEM OPTION) V

COURSE CODE: AEM 501

TITLE OF PAPER: AGRICULTURAL POLICY

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: ANSWER ALL THREE (3) QUESTIONS

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QUESTION ONE

- a. Despite differences in policy choice and priorities, African countries have stressed the great importance of agriculture both in their official pronouncements and in their development plans. These plans, in almost identical terms, acknowledge the overriding need to increase and diversify agricultural output, to achieve self-sufficiency in food supply, to ensure food security at both national and household levels, and to raise rural income and living standards. Although these stated policies for increasing food production reflect a growing commitment to the agricultural sector. However, it has been observed over the years that the implementation of these policies is often thwarted. Discuss the main reasons for this.

(15 Marks)

- b. Historically, nations throughout the world have advanced for a special policy towards farmers. Elaborate and explain the reasons for this.

(10 Marks)

- c. Suppose there are two groups of smallholder farmers, respectively, growing bananas and rice in a contiguous sloppy piece of land in Hathikulu. The rice is grown on the plain while the bananas are grown on the slope above the plain. Both groups of farmers face a competitive market conditions. However, in producing the bananas, the market fails to take into account an external cost of E75.00 per ton caused to the rice farmers. This cost arises from loss of top soils, washing away of fertilizer and damage of young rice plants which in turn results from the activities of the banana farmers such as clearing the hills of the forest in the raining season leading to rapid runoff of rain. Is government intervention needed in this case, and if so, using a graph to illustrate your answer what policy instrument should the government use?

(15 Marks)

QUESTION TWO

- a. Any country's policy towards the agricultural sector as a whole or towards one particular interest group such as food consumers, grain producers or fertilizer manufacturers can be characterized as consisting of three sets of elements, (1) objectives, (2) instruments of policy, and rules for operating instruments of policy. Using an example, elaborate the relationship between these three variables.

(12 Marks)

b. Public choice theorists have changed the way we look at public policies, in part because they see the world in a way that is sharply different from that of policy analysts in the past.

i. What is unique about the public choice view of policy?

(6 Marks)

ii. Describe the basic concepts of public choice, and cite examples of how the public choice view has (or has not) made an impact on agricultural policies of this country.

(12 Marks)

QUESTION THREE

a. During the recent visit of your minister of agriculture and cooperative to United States, he had various discussions with agricultural policy makers in that country regarding different agricultural programs. The crop-limitation programs of USA government such as acreage allotments or crop quotas to each farm seemed to have fascinated him most. Now that he is back in the country, he is canvassing seriously among his cabinet colleagues for the implementation of such programs among smallholder maize farmers in this country. As an agricultural policy student, give reasons as to why you would oppose to the minister's idea. In your discussion, also, use a well labeled graph to demonstrate the likely impact of any of such programs on the smallholders' income.

(20 Marks)

b. It is believed that effective price policy is the most essential element in any program to increase agricultural production. Do you agree with this or not? Give reasons.

(10 Marks)