The Agrarian Sector in Pakistan's Development Process

Historical Evidence and Implications for Policy and Theory

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This paper intends

• to explain the changing role of agriculture in Pakistan economy and society from 1945 until now,

• to analyse the increasing socio-economic differentiation of agriculture in recent times,

• to speculate about the consequences of the change in agriculture and its role in the society for agriculture and rural development policy and theory.

1 1947 - 1965, the period of stagnating agriculture

In 1947, Pakistan was merely an agricultural country. A few factories, especially for processing cotton and sugar could only be found in the cities of Karachi and Lyallpur.

The young nation’s main task in the initial years was to secure its population’s survival, to integrate millions of refugees from India and to legitimize the new state. In an agricultural country, it was not surprising that the first political approaches were made in agriculture.

While the agrarian reform measures of the first years were not very drastic, the abolition of intermediaries was rather successful. This measure could be enforced because it did away with colonial relicts. It was far more difficult to enforce a ceiling legislation, although land was urgently needed for distribution to refugees. The Land Reform Law of 1950, limiting ownership of landed property to 100 ha irrigated or 200 ha non-irrigated land, airning at the country’s elite, could very often be evaded. The government had to distribute government land to satisfy the most urgent needs of refugees. Contrary to proclamations, tenants were hardly involved in the reform measures.

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For the development process, the structure of the country’s elite was determinating. It was and still is pluralistic, with landowners, military men and higher administrative officers - and these often in close relationships - sharing power in the initial years. An industrial elite developed some years later only, consisting mainly of families migrating from India. The landowners were of decisive importance during that time.

The large landowners practised mostly a policy which has been characterized as “rental feudalism”. The land was rented to small tenants, and landlords cared little about improving agriculture but tried to earn higher incomes by strict control of the rent. Their aim was not to increase the production but increase the skimmed off part of the yield.

Of course, there were also numerous small and medium farms, but their efficiency was limited. They practised traditional farming. Improved seed varieties, fertilizers, etc. were not available and the irrigation system had many shortcomings, especially as far as management is concerned. Salinity became more widespread.

The objectives of these smaller farms were rather self-sufficiency and barter at local level. Lacking infrastructure even made it difficult to produce for the market.

During this time, several large-scale attempts were made to improve agricultural development, by way of extension, by establishing cooperatives and by a community development programme. All of these had little success partly because of a too isolated approach, partly because of insufficient personnel and financial means and also because the rural elite was more oriented towards retaining the status quo than towards agricultural development. In this and later periods, the frequent change in strategies had a negative impact. No approach was carried on long enough to be able to mature.

Almost stagnating agriculture meant production increase below the population increase of 2.5 to 3 per cent and thus constant dependence upon the food imports. This consumed foreign exchange, caused political dependence and hindered non-agricultural development.

In line with the concepts of development policy at that time, the first Five-Year-Plan laid emphasis on the industrial development but with poor success. Lack of industrial tradition, shortage of capital and foreign currency, limited purchasing power among the mass of the population and too strong regulation and interference by government created a climate which hardly promoted industrial development.

Increasing population and reduction in farm sizes as result of the inheritance custom led to growing underemployment. Adjustment by way of migration was hardly possible because of the few jobs in towns. Moreover, the caste system, still intact at the time, prevented many persons from changing their occupations as is generally required when one migrates. Indeed, the castes (zat) in Pakistan lacked the religious components, but they are rigid, endogamous patronage groups. Otherwise, there was often a strong aversion to manual work
outside agriculture and to working for others.

During this period of stagnating traditional economy and agriculture, there were not many forces which tended towards changing the conditions. Besides the few cities and towns, the country consisted of a large number of isolated villages populated by illiterates. Until the war against India, in 1965, the mass of the population had hardly developed any national feeling. There were no transistors nor other means of communication in the rural areas. Therefore, for the mass of the population, the world was restricted to an orbit of a few villages. Agriculture and the urban centres had little connection politically or economically.

The role of agriculture in this community at that time was:

• to provide food and raw materials;
• to form capital mainly for transfer to other sectors by way of taxes and prices;
• to procure foreign exchange, especially by cotton export, and
• to absorb the increasing number of labourers.

The stagnating agriculture fulfilled these tasks to a limited extent only and, therefore, contributed little towards development. The feudal structure provided no incentives for change. Peasants were dependent on their landlords.

2 1965 - 1977, the period of progress in agricultural production

In the mid-sixties, a considerable production increase took place in agriculture due to the process known as "Green Revolution." It consisted in the introduction of biological-technical as well as mechanical-technical progress in the agrarian sector. It was launched by the introduction of new wheat and rice varieties, which had a considerably higher genetic yield potential than the old local varieties. However, to exploit this potential, complementary inputs, especially fertilizers, pesticides and irrigation must be available. This demand excluded non-irrigated areas so that the level of prosperity between irrigated and non-irrigated areas became more marked still.

The high production increases caused a rapid introduction of the new varieties, beginning with the larger holdings. But many smaller ones followed suit when they had overcome difficulties in access to inputs, baking quality and taste of the new varieties. Two bottlenecks occurred in the new production process: lack and insecurity of irrigation water and lack of draught power for the higher
cropping intensity. Within a few years, these bottlenecks were overcome by constructing more than 100,000 tubewells and by purchasing an equal number of tractors. This was made easy by heavy subsidies.

This wave of mechanization had far-reaching consequences: the pressure to absorb the costs of mechanization and the wish to realize new profit opportunities led to the dismissal of numerous tenants and to a concentration in larger units of operation. Draught animals, after tractorization, decreased by 1.7 million from 1960 to 1980 and, therewith, one of the most important reasons for the old sharecropping system - decentralization of bullock-keeping and, thus, reduction of risks - was no longer valid. At the same time, the traditional 50:50 share for the gross yield meant a very high pay for labour because tenants supplied only their labour and yields had increased considerably. As attempts to reduce the tenants' share failed, lease was terminated and owner-cultivation was practised. Often, the cultivated area was expanded by renting land from small farms which could not cope with the financial demands of the new level of technology.

The technological changes led to considerable differentiations regionally as well as between different strata. The main beneficiaries were the owners of medium and especially large farms, whereas the small farmers drew much less benefit. In many cases, tenants and labourers even lost the basis of their existence.

With the emergence of a commercial type of agriculture, the traditional nature of relations between groups of the rural population changed. The common interest which all rural inhabitants had hitherto in agriculture, which provided their living, made way for increasing polarization of interests. The former labour relations involving mutual obligations — labour and loyalty against salary and welfare - were replaced by contractual commitments. For sure, the old, institutionalized mutual relationships were strongly one-sided, but they gave the weak a certain basic security of existence while nowadays those must live without this minimum social security.

However, the extensive dismissal of tenants did not lead to mass poverty. This is attributed, in the first place, to the prohibition of imports of combine-harvesters. Therefore, during the harvest - with high pay - the landlords depended upon casual labour which thus had income opportunities. Moreover, many of the former tenants exchanged their bullocks for buffaloes and thus could sell milk or ghee. This was the task of women whereas men were free to seek work even in distant places.

Such jobs were offered to a growing extent. According to the rule of the agrarian society: "If the farmer has money, the whole world has money", the higher income in agriculture and the higher marketing quantities led to a strong increase in the demand for transportation, storage, trade, construction, consumer goods, etc. so that the dismissed tenants - after a period of transition -found a new means of existence. While this was true for the majority, individual people, especially of advanced age, experienced considerable hardships. In
addition to new job opportunities in the service sector, numerous places of work were created in the production of machinery and implements, less in large-scale industries but mostly in small-scale units along the highways and in the mandi towns.

The "Green Revolution" brought about a considerable increase in the output per acre in irrigated areas and made independent of grain imports. Thus, a price increase for staple foods because of scarcity could be prevented. Since this technological development of agriculture took place before an effective agrarian reform - the second attempt of 1970 also yielded but few results -, it only led to a consolidation of the prevailing inequality among the rural population, to an increasing concentration of land cultivation, to a polarization of social relations and to migration of numerous people out of agriculture and from the rural areas.

Since the increase in income of landowning families was higher than that of other rural households, at the same time fewer job opportunities were offered in the villages, many of the landless migrated.

An industrial development took place to a very limited extent only - apart from that of the rural service industries mentioned. Quasi-socialistic experiments such as nationalization of industry and banking and minimum wage laws turned out to be obstructive. The main development occurred in small-scale industries and rural towns. Large groups of rural population, especially the lower class in rural areas, in their attempt to find new opportunities became mobile to an extent unknown hitherto. This change of residence also caused the observance of old norms to diminish when selecting employment.

During that period of great, mainly positive changes, agriculture had become more productive but also more liable to risks. It now was irrevocably intertwined with other branches of the economy and, therefore, dependent, among others, upon the government and its development-, price- and subsidy policy. As the government took back part of its preference for agriculture in the mid-seventies and, simultaneously, the negligence in expansion of plant breeding stations proved to be prejudicial, the agricultural production experienced a set-back. The "Green Revolution" has not launched an actual development of agriculture but only raised production to a higher level.

Agriculture's task in society changed in comparison to former times.

- It still comprised the provision of food and raw materials, and agriculture was more successful now.
- Capital formation was utilized to a greater extent for investments into agriculture, that is, in its own sector.
- Procurement of foreign currency changed in type. Export shortened with concentration on grain production but self-sufficiency substituted for the import requirements.
- For the first time, agriculture was, to a large extent, a market for non-agricultural products and services and thus promoted the expansion of
those sectors.

- Slowly, labour was released from agriculture and land was ceded for residential and small industrial enterprises.

3 1977 until now - period of externally stimulated development

During the last ten years, Pakistan's economy has made remarkable progress but it appears that this is not so much the result of internal economic development but mostly dependent on foreign influences. The framework conditions are home made: A liberal, almost early capitalistic economic policy, in which the public sector is less in the forefront as previously. The propelling forces behind the economic activities are two developments outside the country, namely, the labour demand in the oil-producing countries and the war in Afghanistan. The oil-producing countries provide work to millions of young foreigners, a large number of whom comes from Pakistan. These workers' remittances - more than 2 billion US-dollars per annum - not only solved the country's foreign exchange problem but also brought much purchasing power to the country, especially to the rural areas.

The war in Afghanistan brought the burden of three million refugees but also purchasing power in form of aid funds from international organizations and, in addition, a large amount of foreign funds for investment in the military forces. Among the refugees, who enjoy relative freedom of movement in Pakistan, are also numerous people with technical knowledge that is of benefit to the local economy.

The strong increase in purchasing power influenced especially the rural areas and the lower classes. Landless families were not bound by the labour requirements of agriculture and could easily send their young members to work in the oil-producing countries. Also, they had to overcome the least cultural handicaps against taking up manual work for others.

The strong increase in purchasing power led to considerable demand for consumer goods and in construction and, thus, to a boom in the rural industries and trades which greatly expanded and created many new employment opportunities. Together, the expansion of the middle-level industries, especially for consumption goods, and a boom in construction and transport offered alternatives not only abroad but also within the country, to the youth in the rural areas. Indeed, it is not easy to find employment, but with the help of relatives and friends already working outside agriculture, the young people usually find work after a period of quest. Since the wages, in comparison with the income from traditional small-scale
agriculture, are more attractive and the young people in town can free themselves more easily from the social control in the village, the youths from small farmers' families lose more and more interest in agriculture. At least, continuing farming on farms that become smaller and smaller because of the inheritance custom is no longer the only way of life but one among several alternatives. Often, the older generation supports taking up non-agricultural employment by the youth as it finds that this is a more rapid way of improving the living standard than all efforts to increase agricultural production.

As a result of these developments among the small-farm households, numerous forms of multiple employment emerge:

1. Small cultivators take up a non-agricultural main or side occupation or work permanently or seasonally as agricultural labourers. The two occupations are carried out by the same person, as is always necessary when no family member is old enough to be able to earn a living. Since farm cultivation continues, the second occupation can only be carried out locally, as craftsman or shopkeeper, or in the vicinity.

2. In other households, one or more sons take up off-farm employment, locally or in distant places, permanently or whenever they find work and give part or all of their income to their family. Sometimes, agriculture is practised only during the second half of life. Up to the age of 45 approximately, the son works off farm whereas the father cultivates the land. When the latter becomes too old, the son takes over the cultivation but, often, his own children are of working age already. It is not rare that, in the second half of life, people have claim to a small pension for having worked in the army, police force, etc.

   This household income combination opens the possibility of taking up an occupation at distant places and of increasing the household income in this way.

3. Nuclear families maintain close social and economic relations with other members of the extended family although they migrated permanently out of the village. Branches of the family living in the urban areas obtain, for example, some of their basic foodstuffs from their parents' farm as support or for sentimental reasons. Moreover, the right to return means an important social security in case of unemployment. Inversely, services are also offered in return in form of remittances and help at harvest times. The remittances do not have to be regular but can be effected when actually needed for investments.

   The consequences of these forms of multiple employment for agriculture are very different and depend upon the individuals’ personal attitude and circumstances. Sometimes, earnings from a non-agricultural occupation are invested and utilized to modernize the small farm which is expanded by renting in additional land. But in other cases, the interest in agriculture decreases. The people
limit themselves to extensive production for subsistence and enjoy a quiet and cheap residence far from town. Especially old people, in the absence of other forms of social security, continue an extensive subsistence farming as long as they can and enjoy village life, sometimes after a life of work in the city. Villages become the home of the aged.

After migration out of agriculture had become so frequent, the social norms also changed. Belonging to a certain z.a.t or being cultivator is, nowadays, no obstacle to migration from the rural areas but may still influence the nature of the selected new occupation.

The experience of many small farmers' sons led to a completely changed attitude towards agriculture. Whereas it was predetermined that the fathers' generation would take over the parents' farm, for the young people of today, agriculture is only one among several possibilities. They no longer demand an equal share of landed property or 'land for everyone' (as was the goal of the land reforms) but, in the first place, equal income opportunities, wherever these are offered (in rural areas, in urban centres or abroad). This transition from demand for equal access to land to demand for equal access to income opportunities has turned the agrarian question into a problem of the overall society instead of one of the agrarian society as before. It can now be solved only within this wider framework.

Changes in the man-land relationships can also be ascertained on large farms. On the one hand, there is a differentiation within agriculture: whereas most of the farmers practise a modern, market-integrated commercial agriculture, others keep to traditional agriculture with sharecroppers and satisfy their income requirements through a strict skimming of rent instead of production increases. On the other hand, non-farmers in a sound financial position find it interesting to invest into agriculture and set up dairy farms, fattening farms for cattle and poultry, etc. Thereby, speculations, tax evasion and exploitation of subsidies play an important part.

For a qualitative assessment of all these differentiations among farms, statistics are not very helpful. By using their figures on farm sizes, tenancy, separating irrigated and non-irrigated areas, I have tried to come to the following groupings which put more light on the socioeconomic character of Pakistan's about four million holdings in 1980. Naturally, these are estimates and no exact statistics. The resulting breakdown is as follows:

1. Larger farms (landlords) of more than 60 ha with a wide variety in quality and intensity of cultivation, approximately 13,500 = 0.3 %.
2. Medium farms of 10 to 60 ha, most of them cultivated rather intensively, approximately 300,000 = 7.3 %.
3. Small farms of 3 to 10 ha, whose management quality and future prospects differ and which often have members of the cultivator's family working
outside agriculture or which are occupied by an aged couple, approximately 1,100,000 = 27.0 %.

4. Marginal farms of less than 3 ha, which only guarantee sufficient subsistence in combination with non-agricultural incomes, or are the basis of life for aged persons, approximately 1,600,000 - 39.5 %.

5. Tenants' farms of more than 5 ha. which are usually well managed, approximately 240,000 = 5.9 %.

6. Tenants' farms of less than 5 ha, often traditionally cultivated, approximately 810,000 = 20 %.

According to these figures, agriculture has developed in very different directions. Some peasants pursue the traditional way of life and apply few modern methods of production. Many of these farms will be given up in the future since the young generation is only partly interested in continuing farming. Or the old people will spend the rest of their life in the rural areas and cultivate the small farm which will serve as residence in their old age and gain some of their subsistence from it. If the farm has a favourable location, the land could also be used for commercial purposes by the next generation.

Other farmers adopted modern, intensive agriculture. Thereby, it is worth noting that peasant attitudes are largely abandoned and that the method of production turns to that of industry. Due to the utilization of farm inputs and to trading and processing enterprises, those farms are fully interwoven with the rest of the economy. They use the services of rural credit and transport and are, for better or for worse, an integrated part of the overall economy.

Among the changes, the increasing use of arable land for non-agricultural purposes such as building sites, commercial enterprises, roads, etc. is worth mentioning. In the absence of land use planning, it is often the best irrigated arable land that is foregone.

The fact that the increase in non-agricultural incomes in the rural areas is higher than that of the agricultural income will bring about further migration, especially from small farms and areas with poor yields like the barani areas. Farms will further be divided as a result of the inheritance custom and become smaller. Only migration of part of the population out of agriculture - not necessarily from the rural areas - can stop this process. This means that the urbanization of the country will continue.

The interweaving of agriculture with the remaining economy, the young people's striving for comparable incomes and the readiness to migrate have largely changed the position of agriculture in the overall economy and society. If agriculture used to be the focus of attention of everybody, it is now an integrated and dependent component of the economy. It is not so much the leading part of the economic development but more and more the supported one. Since agriculture is a shrinking business - at the moment, about 50 % of the labour force
work in agriculture - as a result of further migration, it will soon be practised by a minority only. Already today, in many villages not more than 15 - 20% of the families are farming. In such a situation, it is an important shortcoming that there are no powerful institutions to represent agriculture's interests vis-a-vis the government and other sectors of the economy.

The task of agriculture in society has changed again and widely expanded during this period: It still comprises the provision of food and raw materials of a constantly higher quality. It makes a contribution to the development of the market for non-agricultural products and services. In order to achieve comparable income, it is necessary to increase labour productivity and to expand cultivated area per farm unit as well as continuously release labour. In this, there are still many frictions. Moreover, the preservation of resources and the maintenance of the cultivated area is gaining greater and greater importance.

4 Consequences for Agriculture and Rural Development Policy

Over the last forty years, a number of factors have caused a socioeconomic differentiation within agriculture. Agriculture today takes place in a variety of different ways of life that are only partly determined by agriculture. Depending on these characteristics, each requires a different policy and a prerequisite for an effective policy is the exact definition of target groups. Some examples may illustrate this statement.

• Larger commercial farms are organized along economic principles. Their requirements for support by the public centre on plant breeding, credit facilities, provision of import facilities for spare parts and price policy to their advantage. Otherwise, it is in their interest if government reduces its interference in the economy to a minimum.

• Medium farms are often intensively managed along modern lines but family circumstances and subsistence requirements play a role for labour economy as well as cropping pattern. For their activities, support by an effective extension service is of great importance and they are the main beneficiaries of co-operatives if these exist because they meet the urgent requirements of this group. This includes easier access to credit. The same applies to a lesser degree to the small farmers.

• Marginal farms often live or at least try to live on a combination of agricultural and non-agricultural income. The more the latter are in the forefront,
the more they influence the organization of land cultivation. Income maximization is only one of several possible goals of these households. Not the highest yield or income from agriculture is the target but for instance low labour requirement so that much time is left for the non-agricultural job. Or one attempts a cropping pattern with short peaks in labour requirements during which man takes leave or during which all relatives are called for help. Price policy is of limited importance because most products are consumed at home. On the market, these households sometimes act as producers, sometimes as consumers. Cooperatives as well as extension service are not frequented much, and credit is dangerous for this group. Provision of non-agricultural jobs and training for non-agricultural jobs are of much greater interest.

Households of the aged with land are hardly influenced by measures of agricultural policy. In the absence of other means to support them, they continue cultivation as long as they can in an extensive way. With reducing ability to work, more and more tilling is given on custom hire or more of the land is rented out. Living in familiar surroundings together with other aged people is part of their way of life. Measures of social policy are called for to help these persons while agricultural policy hardly meets their needs. The examples - which could be extended and specified - show that different parts of what is traditionally called 'agriculture' require different policies. With agricultural policy alone, one does not meet the whole variety of circumstances.

The primary goal of most people is to make the ends meet by a sufficient income and increase this standard. Secondarily, it may be the desire of persons to reach this goal by cultivating land. But for the majority - and varying from location to location - agriculture today is one of several opportunities. They select the occupation or the occupations which offer the optimum total income possibilities.

The focus of public policy under such circumstances - widespread multiple employment and many holdings of the aged - should not be so much agricultural policy proper but rather regional development policy, i.e. the promotion of agricultural and non-agricultural activities and their basis. Naturally, even within this framework, agricultural policy has its place, but among other policies and often of different content than that for commercial farmers.

Important parts of this regional development policy are structural policy, price policy and social policy. The structural policy has to further and strengthen those parts of the economy which are vital but facilitate at the same time transitions. Migration out of agriculture, sometimes even out of the rural areas, is necessary to make an income comparable to that of other regions possible. The price policy - especially if the state interferes more strongly in the
economy - has to offer security for the producer and thus incentives to produce and to invest. Naturally, the justified interest of consumers are part of the decision process. The social policy has to be extended to safeguard the rural population against risks of sickness, invalidity and old age because for an increasing part of the rural population, the farm and the family cannot absorb these risks any more. Public measures should be subsidiary, in line with the paying possibilities of the people and take into consideration the still strong feeling of coherence among family members. Since the beginning of efforts, the small farm, the peasant has been the main target in development plans and in speeches of politicians. The fact that agricultural development policy hitherto did not take notice of the socio-economic differentiation between households engaged only in agriculture, and those which combine agricultural and non-agricultural activities, has led to suboptimal results of policy measures. While the target group - at least in declarations - usually has been the small farmers, nearly always, the large farmers could secure the lion's share of the support measures. This state of affairs calls for a review of the theory of agriculture.

5 Consequences for Agricultural Development Theory

'Agriculture' is the cultivation of soil in order to produce food and raw materials useful for human beings. This production takes place in technical-organizational units we call farms or agricultural holdings. Depending on natural and socioeconomic circumstances, we have a great variety of types of farms. But the most widespread one in the past and, so to speak, the prototype in 'agriculture' is the family farm. Characteristic of this family farm is that the family members use their labour capacity on the farm and live off the products of the farm. This family farm has proven a great ability to adjust to the changing relations between labour and land. Renting land or leasing it out, enlargement or reduction of livestock, intensification or extensification of cropping are strategies of adjustment. Since ALBRECHT THAER, every student of agricultural economics learns that the highest profit is the goal of the farmer. This proves true for large farms but as well for family farms, only that here some other goals play a role, too, like self-sufficiency, risk aversion, etc. If one remembers the different socioeconomic types of holdings mentioned above, then one must say that the notion of the farm, on which the cultivator's family applies its labour and lives off the farm product does not
hold true as prototype of agriculture. Rather, in most cases the farm family members work on a variety of jobs, whatever seems profitable to them, and the family lives on the total income from agricultural and non-agricultural sources. Chayanov in his theory of peasant economy was the first to emphasize this difference. From family to family (depending on age), from place to place (depending on economic location), from farm to farm (depending on size and productivity) and from time to time, the combination of incomes may vary widely. The smaller the farm, the larger usually is the share of non-agricultural income.

It appears that farm management went the wrong way or, at least, has generalized its results too much. Farm management originated and developed in north-western Europe and in the United States, i.e. in regions with relatively large farms and indeed these larger farms are technical-economic units, for whom socioeconomic aspects can be neglected. For the large number of small holdings in southern Europe, as well as in most of the Third World, the situation is quite different. Here, the household is the centre, and the household members try by optimal input of available resources to assure their survival and to improve their livelihood. This is possible in several ways, and most often by combining several forms:

- by cultivation of the available land,
- by labouring for other farmers,
- by taking up non-agricultural work,
- by assuming commercial activities,
- by avoiding expenses through production and services within the household or on an exchange basis with the neighbours.

This combination can be achieved by one person or by generations living together and may change during lifetime.

It appears that households with sufficient land, good marketing facilities and irrigation try to compensate for the reduction in farm size due to the inheritance custom by intensifying agriculture.

If the farm size is too small, or soil quality, irrigation facilities and access to markets are bad, then using the manpower outside agriculture usually brings higher incomes, even if it takes some time and considerable expenses to find a job.

In time, this has consequences for the small holding. The owner family may

- extensify in order to adjust to the reduced labour capacity,
- rent out part of the land,
- avoid investments as preparation for retiring later from cultivation,
- change the cropping pattern with the goal of least labour input,
- concentrate on crops with labour peaks for which relatives are called.

As a result of all these considerations, I suggest that a change in paradigm is necessary in order to make agricultural and rural development policy more effective.

The current general theory of agriculture assumes that a farm is cultivated by a family applying all of its labour on the farm and living off the proceeds of this farm. The goal of the farmer is a high net profit which will improve his living and that of his family. The smaller the farm is, the more other goals like self-sufficiency, risk aversion, etc. become important side-conditions.

This theory of agriculture is all right for larger and medium-size farms, and perhaps some highly intensive small farms near the cities and with good irrigation facilities. But remember: only 8% of all Pakistani farms are larger than 10 ha.

For the remaining 90% approximately, I suggest another theory, which explains their circumstances perhaps more closely.: Here we have a household, whose members, in order to assure their survival and improve their livelihood, use all the available resources - land and labour - wherever they get an optimum return. This may be in agriculture, or in non-agricultural activities, and may change in time. They select those fields, which give them the highest total income, for applying their efforts. I suggest that using these two theories of agriculture - whenever they apply - may lead to a better understanding of the reality in rural areas and, thus, to a more effective mix of policy measures. I mentioned already the consequences of this separation for politics. Forty years have changed agriculture in Pakistan and elsewhere considerably. We have to ask ourselves: What is agriculture today? Perhaps this paper gives some hints towards an answer.