

COMMENTARY

Agricultural economics research in South Africa's public sector: the role of the NAMC

By Simphiwe Ngqangweni¹

Relativist economic literature tells us that much of the evolution of economic scholarship has been inextricably linked to historical, economic, sociological, and political forces that brought men and women to examine certain economic questions affecting them. Landreth and Colander (2001), for instance, posit that there is an apparent link between the emergence and content of classical economics and the industrialization of England, between Ricardian economics and the conflict between English landlords and businessmen, and between Keynesian economics and the Great Depression of the 1930s. Depending on the period in history, economists have been influenced in their scholarship by both forces outside the actual profession (the “relativist” approach to scholarship) and by internal intellectual developments within the profession itself (the “absolutist” approach to scholarship). No approach is better than the other.

The important responsibility of contemporary economists is to constantly develop their internal craft and improve analytical rigour, while at the same time remaining relevant in addressing pressing policy questions of their time. But this requires a conducive and proper institutional structure within which to operate. This commentary argues that, unlike in most successful countries elsewhere both in the developed and developing world, public agricultural economics research capacity in post-apartheid South Africa is not optimally organized – and therefore not properly geared – to enable relevant and good quality economic research output. Instead one finds scattered islands of capacity within government – a situation that required concerted attention.

If one considers historical developments in South African agriculture, one can argue that much (not all) public agricultural economics research during the Apartheid era was preoccupied with how to consolidate and grow large-scale commercial agriculture in line with the policies of the day. Before the landmark democratic changes that took place in South Africa in the mid-1990s, it is widely recognized that most of the agricultural economics capacity in the country resided within the then Department of Agriculture. In fact, the national

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association for agricultural economists in South Africa, the Agricultural Economics Association of South Africa (AEASA), was founded in 1961 from within the Department of Agriculture. This provided a stable structure that enabled economists that were “under one roof” (of the Department of Agriculture in its various historical guises) and in close proximity to policy makers at the time, to undertake policy-relevant research.

An upcoming commemorative book on AEASA recognizes the role that the Department of Agriculture has played in the past as the main employer of agricultural economists in South Africa. When political changes were introduced in 1994 and Apartheid was outlawed, the Department became the supplier of experienced agricultural economists into commercial banks, agribusiness and private sector in general as capacity exodus took place. The question that has remained for the past two decades has been how to provide a good institutional structure within the Department of Agriculture and its state-owned entities (SOEs) that will be responsible for (1) setting a research agenda that is relevant to the agricultural policy problems facing post-Apartheid South Africa, (2) attracting skilled and experienced agricultural economists while developing new future talent that has the ability to undertake rigorous economic analysis to inform policy making. Against this background, this commentary looks at the role of the National Agricultural Marketing Council (NAMC) over the past several years in the provision of evidence-based policy advice to the Minister of Agriculture and other key stakeholders. The commentary argues that the NAMC is an important player in the bigger public agricultural economics research space in South Africa.

The NAMC was established in terms of the Marketing of Agricultural Products Act (Act 47, 1996) with the mandate to provide the Minister of Agriculture, Forestry and Fisheries with strategic advice on all agricultural marketing issues. The four objectives of the Act are:

- the increasing of market access for all market participants;
- the promotion of the efficiency of the marketing of agricultural products;
- the optimization of export earnings from agricultural products; and
- the enhancement of the viability of the agricultural sector.

This mandate is broad enough so as to apportion an enormous burden and an expectation on the NAMC to provide evidence-based research to the principal agricultural policy maker (the Minister) and a wide range of other stakeholders. The NAMC is also expected to play a major role in shaping public discourse on more than just agricultural marketing but on broader agricultural economic issues, as can be appreciated from the MAP Act objectives. The expectations have become more than just mere expectations over the past decade as challenges facing the South African agricultural sector became more pressing. Increasing demands on the NAMC to undertake major policy analyses and to answer key policy questions have proliferated in recent years against the backdrop of a deregulated marketing environment.

To position itself to take up these challenges, the NAMC established the Markets and

Economic Research Centre (MERC) in 2007. The vision was to develop an economic and market research programme that tracks economic trends and provides market information that is aimed at improving South Africa's position in future global agricultural markets. In order to address immediate capacity challenges, MERC's strategy was to work in partnership with various centres of excellence, which shared the overwhelming workload. Notable key partnerships were set up with the Bureau for Agricultural Policy (BFAP), the Trade Law Centre for Southern Africa (Tralac) and a few universities. Through this partnership model over 60% of its research output was generated, enabling the NAMC, over the past few years, to establish itself as a trusted institution by both private and public sector stakeholders.

The volume of work that needs to be undertaken is ever-increasing, rendering NAMC to work even smarter. The partnership model will continue to be utilised, as it seems to be the most sensible one in the face of a generally limited national pool of experienced agricultural economists. The NAMC will also continue to build and nurture internal capacity and acquire the necessary tools to undertake good quality and relevant economic research within an environment where financial resources are becoming scarcer. This scarcity seems to be a good justification for consolidation of agricultural economics capacity in the country in a manner that will enable more organized agenda setting and execution of relevant analyses for agricultural policy making in the country. Whatever the future holds in this regard, the NAMC will arguably continue to make an important contribution towards the shaping of agricultural policy debate.