**[Grapes of wrath](https://www.dawn.com/news/1832366/grapes-of-wrath)**

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HOW I would like to live in the dream world of the neoliberal economist, in which markets are left to determine the exchange rate, where prices of wheat are left to market forces, where consumers are indifferent to eating imported or domestically produced wheat, and inputs like fertilisers are freely available at market prices, free of the monopolies and hoarding that artificially raise prices.

The thoughts of a small farmer?

But the harsh world that confronts us in the Punjab countryside today is very different. For the poor small farmers, who form the vast majority of the province’s nearly 5.5 million rural households with holdings of 12 acres or less, or for small tenant farmers, it is becoming clearer by the day that the government has no intention of purchasing wheat at the announced support price of Rs3,900 per 40 kilograms.

For the poor farmer, hope is all but lost as inclement weather brings rain and thunderstorms, and his wife curses him for not having sold his harvest (which now lies in the open) at Rs2,700 — the going market price, which is even less than the current world price. But at this rate, he would make a big loss, he pleads. Yet no one is there to listen.

Unbeknownst to the farmer, who was basking in the hope that his bumper crop would finally yield good returns and a livable income, plans were afoot to undercut the price announced by the government before the harvest. Knowing full well that a bumper crop was expected, the interim government still allowed the import of nearly 3m tonnes of wheat, costing the country over a billion dollars in precious foreign exchange at world prices that were one-third lower than the announced price. Rather than face the problem, the new government that took office in late February decided to ignore it. The ECC produced a half-baked plan in which the Punjab government deliberately played no part.

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In contrast to the simple, idealistic world of the neoliberal, there is a large body of literature tracing the history of how wheat prices should be determined by the government. The resulting system had serious mismanagement and corruption flaws as well as an unaffordable government subsidy. But on one point it was very clear: the farmer cannot be left to the mercy of the market and middlemen, who will fleece him in the process. If we let wheat prices be dictated by global market prices, as postulated by neoliberals, such a policy would need to be carefully thought through, especially keeping in mind the wide price fluctuations, in the context of both food security and protecting small farmers from steep price declines.

This is the crux of the matter. Last year, the world price of wheat, given the market-determined exchange rate, was higher than that announced by the government. In the Ishaq Dar years, at a highly overvalued exchange rate, the world wheat price was lower. So, before we postulate that domestic wheat prices should follow world prices, we must establish if the exchange rate at which this is determined reflects its real price.

Indeed, ever since the 1950s, the Pakistani farmer has paid a huge tribute to finance growth of the economy, especially industry, because agricultural prices have been kept low through overvalued exchange rates and high protection to industry to foster its growth, which changed the terms of trade against agriculture and in favour of an inefficient, uncompetitive industrial sector. And we want to continue this practice?

Now, having acted thoughtlessly to allow prices to be determined by market forces and allowing large imports at world prices, what op­­tions does the government have to overcome the current wheat crisis?

First and foremost, to provide some relief to far­mers who are still holding on to their harvested whe­at, the government should start procuring, on a war footing, at least 3.5m ton­nes of wheat at Rs3,900 — the price to which it has committed — and quickly rent space to store the crop.

Second, the State Bank must urgently come up with a plan for financial support from commercial banks to advance loans to small famers at lower-than-market interest rates, so that they can purchase the necessary inputs to prepare and plant their next crop.

Third and most importantly, the government must set in motion a well-thought-out plan for ensuring a better and more efficient system of wheat procurement. Such a plan should ensure food security and a fair return to farmers, while gradually re-ducing the role of and cost to the government in fixing minimum support prices, replacing this with a role it can afford to maintain.

For now, let the government make amends for its procrastination and bring some relief to anxious farmers.

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