

### **Cogent Social Sciences**



ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/oass20

# Welfare state-based agricultural policies in Malaysia

Khoirul Hidayah, Mohd Halim Mahphoth, Syabbul Bachri & Ramadhita

**To cite this article:** Khoirul Hidayah, Mohd Halim Mahphoth, Syabbul Bachri & Ramadhita (2023) Welfare state-based agricultural policies in Malaysia, Cogent Social Sciences, 9:1, 2241261, DOI: 10.1080/23311886.2023.2241261

To link to this article: <a href="https://doi.org/10.1080/23311886.2023.2241261">https://doi.org/10.1080/23311886.2023.2241261</a>

9	© 2023 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.
	Published online: 27 Jul 2023.
	Submit your article to this journal ${\it \mathbb{G}}$
ılıl	Article views: 454
a <sup>r</sup>	View related articles 🗗
CrossMark	View Crossmark data ☑







Received: 21 June 2023 Accepted: 23 July 2023

\*Corresponding author: Khoirul Hidayah, Universitas Islam Negeri Maulana Malik Ibrahim Malang, Jl. Gajayana No.50, Dinoyo, Kec. Lowokwaru, Kota Malang, Jawa Timur 65144, Indonesia E-mail: khoirul.hidayah@syariah.uin-malanq.ac.id

Reviewing editor: Cristina Elena Popa Tache, Law, Andrei Şaguna University: Universitatea Andrei Saguna, Romania

Additional information is available at the end of the article

### LAW, CRIMINOLOGY & CRIMINAL JUSTICE | RESEARCH ARTICLE

## Welfare state-based agricultural policies in Malaysia

Khoirul Hidayah<sup>1\*</sup>, Mohd Halim Mahphoth<sup>2</sup>, Syabbul Bachri<sup>1</sup> and Ramadhita<sup>1</sup>

Abstract: Food security has become a global issue for the Food Agriculture Organization. A country plays an active role in actualizing food sustainability. The concept of a welfare state requires a country to be competent in realizing people's prosperity. The discussion of Malaysian agricultural policies for objectifying the welfare state has drawn attention because it strengthens food security. This study is based on empirical research that uses a descriptive qualitative approach. The primary data are from interviews with the Federal Agricultural Marketing Authority (FAMA) officials and the secondary data are from Malaysian policy documentation. These were then analyzed qualitatively using the welfare state theory. The article shows that Malaysia made agricultural policies comprehensively by strengthening regulations, funding, and supervising to morally support farmers, so they were motivated to advance the economic sector voluntarily. Malaysian agricultural policies to help farmers actualize the state's dream of becoming a welfare state. The Malaysian government's involvement in providing a supervising program, funding, and legal certainty regarding crops' basic prices became a transformational power of the agricultural sector. The success of the Malaysian agricultural sector is



Khoirul Hidayah

#### **ABOUT THE AUTHORS**

Khoirul Hidayah is a member of sharia faculty in the Islamic business law department at Universitas Islam Negeri Maulana Malik Ibrahim Indonesia. His research interests include Economic Law, Intellectual Property Rights, and Tax law. Mohd Halim Mahphoth is a Senior Lecturer in the Faculty of Business and Management at Universiti Teknologi MARA. His research interests include Entrepreneurship and Technopreneurship, Islamic Finance, Waqf, Quality Management and Halal Food Products.

Syabbul Bachri is a member of sharia faculty in the Islamic family law department at Universitas Islam Negeri Maulana Malik Ibrahim Indonesia. His research interests include Islamic family law and Islamic economic Law.

Ramadhita is a faculty member in the Islamic Business law department at Universitas Islam Negeri Maulana Malik Ibrahim Indonesia. His research interests include, Islamic philanthropy and Tax law.

#### **PUBLIC INTEREST STATEMENT**

A comprehensive discussion of Malaysia's agricultural policy in strengthening farmers to achieve food security is noteworthy within the framework of the welfare state concept. Food security is an important issue, especially when in a critical condition such as the COVID-19 pandemic spreading around the world. Every country needs to make efforts to strengthen farmers in realizing the social economy during the pandemic. This research, presents a different perspective in the discourse of research discussions and presents Malaysian agricultural policies that contribute to increasing the productivity of farmers so that it has a positive effect on food security. This research provides a lesson learned on the importance of the state's role in providing funding, supervision, and involvement in marketing so that it can have an impact on food security and welfare.







© 2023 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (http://creativecommons.org/licenses/by/4.0/), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.



a valuable lesson for the independent economy and food security reinforcement of others, specifically in Southeast Asia, which has similar geographic characteristics.

Subjects: Political Economy; Environmental Economics; Environmental Law - Law; Land Law

Keywords: agricultural policies; farmer; welfare

#### 1. Introduction

The world faces the problems of global social economics in 2020 caused by the pandemic (The Global Economic Outlook During the COVID-19 Pandemic, n.d.). Under the United Nations, the Food Agriculture Organization (FAO) has monitored countries and recommended strengthening food security (FAO, 2020). The international effort of the FAO is to create "The Action of Obtaining Global Goals" as an attempt to achieve Sustainable Development Goals (SDGs) that aim to realize food security and promote sustainable agriculture (FAO, 2020). The report of The Global Food Security Index (GFSI) in 2020 by The Economist Intelligence Unit Limited has positioned Malaysia in the 43<sup>th</sup> rank among 113 countries worldwide and in the second position after Singapore among ASEAN countries (The Annual Report of The Ministry of Agriculture and Agro Based Industry.*Pdf*, 2018). Malaysia is one of the countries that can reinforce and guard food security. In 2020, the government allocated RM 62 million (around IDR 217 billion) to support economically affected farmers (Affected by the Pandemic, Malaysia Helps 217 Billion to Help the Agricultural Sector - Google Search, n.d.). The Malaysian government, via the Ministry of Agriculture and Food Industries (MAFI), wanted to realize agriculture as a growth machine for the country's economy (Print.Pdf, n.d..). It is interesting to review agricultural policies in an attempt to actualize Malaysian food security.

One of the previous studies on the success of Malaysian agriculture was done by Sayaka and Adhie who reviewed the policies of food products in the form of controlling agricultural products' price (Sayaka & Adhie, 2016). The research of Bisant Kaur et al. discussed a contract farming program developed by the Federal Agricultural Marketing Authority (FAMA (Kaur et al., 2015). The next research focused on a similar program that gave roles to small farmers in the food supply chain in Malaysia (Chin, 2015), a review of the New National Agro-Food Policy with Socio-economic Impacts by Baki Bakar (Bakar et al., 2012), and a review of the Farmers' Market program by FAMA in supporting the marketing of agricultural products by Shaik et al (Alaudeen et al., 2015). Murad research results that The latest Malaysian agricultural policies are compatible with the standards of sustainable agriculture, but the current agricultural practices in the country differ, to some extent, from the sustainability principles (Murad et al., 2008). Based on Murdad's research, partnerships between government agencies, the education sector, and the private sector are necessary to develop modern urban agricultural technologies, as well as knowledge, knowhow, and support for building and sustaining urban community participation in urban farming activities (Murdad et al., 2022). Leong provides an insight into how the implementation of Good Agricultural Practice (GAP) and food safety assurance are interrelated and with this established correlation, to identify further measures for improvement to enable reinforcement of optimized agricultural practices, specifically in Malaysia (Leong et al., 2020). The study "Welfare State-Based Agricultural Policies in Malaysia" focuses on welfare state-based agricultural policies, while the previously mentioned studies have different focuses, such as price controls, contract farming programs, the role of smallholders in the food supply chain, socio-economic impacts of policies, farmers' market programs, agricultural sustainability, urban agriculture technology development, and GAP implementation and food safety assurance. These previous studies have yet to provide a comprehensive discussion of Malaysian agricultural policies from the Welfare State perspective.

This study was conducted to complete previous studies that portray Malaysian agricultural policies. In addition, this study comprehensively analyzes policies supporting farmers through



the concept of a welfare state. The state policy that helps farmers guarantee agricultural development is exciting to review as a part of lessons to realize prosperous countries.

A country in the welfare state concept should provide happiness to its people in actualizing wealth. Citizens will become prosperous if the country can support low-economic groups. Malaysian farmers, which are considered low-economic groups, have received special attention. This situation can be learned by other countries, particularly Southeast Asian countries, by reinforcing farmers to realize food security and the country's social economy.

#### 2. Literature review

#### 2.1. Welfare state in agrarian and agricultural countries

The word "welfare" is defined in the Merriam-Webster Online Dictionary as "the state of being happy, healthy, or successful." The concept of welfare is interpreted as a prosperous condition (well-being). Midgley defines social welfare as " ... a condition or state of human well-being" (Midgley & Livermore, 2009). The welfare condition is explained as a situation in which material and nonmaterial needs are fulfilled. The welfare state is closely related to social policy, which, in many countries, covers the government's strategies and attempts to escalate its citizens' prosperity, mainly through social protection such as social guarantees (in terms of social facilities and assurance) and social safety nets (Elviandri, 2019). A welfare state is a government intervention through public policy aimed at creating a prosperous society.

The welfare state was first introduced in the 18<sup>th</sup> century by Jeremy Bentham (1784–1832), who stated that the government is responsible for guaranteeing happiness to citizens (the greatest happiness/welfare of the greatest number of citizens). In his concept, Bentham often used the term "utility" to describe the happiness or welfare concept. Based on the utilitarian principles introduced by Bentham, something that can give extra happiness (wider) is good. In contrast, something that can make people sick is bad. Hence, the government's action (policy and program) must be led to escalate citizens' happiness so that it reaches as many citizens as possible. Bentham's idea of creating a welfare state is directly related to law reform, the Constitution's role, and social policy development. Through his thought, Bentham is well known as The Father of Welfare State (Suharto, 2006).

Therefore, it is crucial to actualize welfare in every state or country, especially in agrarian and agricultural countries. To realize this, policies must be relevant to farmers' needs, particularly in developing countries (Leite, 2016; Ulriksen, 2012). Based on (Knutsen & Rasmussen, 2020), if the management of the agrarian and agricultural sectors is well executed, it will impact the welfare of a country. Agricultural welfare is a global agenda to achieve the goals of social and economic justice and to restore environmental damage (Panigrahi, 2019; Sandhu et al., 2019). Therefore, the agricultural sector and agrarian countries must advance access to modern technology followed by relevant policies to ensure farmers' welfare in the future, as has been done in India ((Rodgers, 2019; Sharma & Singh, 2015). The welfare of the future agricultural sector depends significantly on the country's commitment, as shown in the provided legitimation and regulation, which can facilitate agricultural institutions in both villages and cities, mainly in land use and production planning (Halloran & Magid, 2013).

In the process of prospering the agricultural sector, some countries have regulated the chosen policies by providing no-interest capital loans to uplift farmers' welfare and income (Amanullah et al., 2020; Herrmann, 2017). According to (Bachke, 2019), a country's role in enhancing farmers' standard of living is essential, by upgrading market and information access, as well as the capacity to improve production. Moreover, economic efficiency in the agricultural sector (Slade et al., 2020) has become a priority in several countries for ameliorating farmers' welfare during the globalization era. In Sweden, the welfare of the agricultural sector has been the main focus of development since the 1990s, based on the assumption of a high improvement in biological productivity (Kumm,



2014). A similar focus on welfare was also done in England since the end of the 1980s, which was oriented toward production needs and environmental preservation.

Agricultural production, food security, and land-use change are essential components of a policy regulated by the government to ensure farmers' welfare (Barati et al., 2021). Hence, national food security must be a mutual consensus between citizens and the government in a more participative and inclusive way, as has been done in Myanmar and China ((Chen et al., 2021; Jansen et al., 2021). Feukam Nzudie et al. (2021) state that government support is highly needed, specifically by farmers in developing countries. Likewise, government-farmer collaboration will definitely affect the use of natural resources and save people from crises in the agricultural sector, as seen in Africa and Asia continents (Adamashvili et al., 2020; Durao et al., 2020) (van Zonneveld et al., 2020), thus, emphasizing that government support for farmers is valuable in quaranteeing better food security and farmers' income.

The government's support for agricultural innovation will be harmonized and will result in mutual welfare, as seen in Africa (Warinda et al., 2020). In Africa, the Indonesian government provides support to the agricultural sector by facilitating the production process and improving agricultural relocated areas that utilize local resources ((Okdinawati et al., 2020; Sharp et al., 2020). The government's contribution to advancing the agricultural sector can also be viewed from the policies issued by the government of West Jakarta by assuring land ownership for local farmers (Chandra & Diehl, 2019). In line with this policy, food localization is one solution taken by the Chinese government to help farmers face globalization (Zhong et al., 2020). Thus, government support in the agricultural sector not only guarantees the availability of agricultural land but also solves agricultural conflicts that might appear in the future (Zhang et al., 2020).

#### 3. Method

This study conducted empirical research using a qualitative approach. This research was conducted by the Federal Agricultural Marketing Authority (FAMA), Negeri Melaka. This article seeks to examine the legal policy of the Federal Agricultural Marketing Authority (FAMA) Malaysia in realizing food security in Malaysia. The research data uses primary and secondary data. Primary data were obtained directly from the informants in FAMA Negeri Melaka through recording and interview notes. This is the result of in-depth interviews with several officials, that is, the director of FAMA Negeri Melaka and the headquarters of FAMA, and also the practicum students. The sources of secondary data are from the documentation of Malaysian agricultural policy, MAFI's statistical data and annual report, FAMA, MADA, research results, and journals related to Malaysian agricultural policy. Tertiary data are also available from dictionaries and encyclopedias.

After data collection, the researchers took notes, categorized, edited, and verified the data. This step involves organizing and preparing the collected data for analysis. The notes taken during data collection are reviewed and refined to ensure accuracy and completeness. In the categorization step, the researchers categorize the data based on the legislation to guarantee the progression of agriculture and farmers' welfare, farmer's access support in obtaining financial facility both from the government and bank, the legal certainty of basic price that ensures the agriculture sustainability, and the new agricultural land supply through Federal Land Development Authority (FELDA). The editing process involves reviewing and refining the data to eliminate any errors or inconsistencies. It ensures that the data is reliable and accurate. The verification step involves cross-checking the data to ensure its authenticity and reliability. In this step, researchers compare the collected data with other sources and conduct member checks (where participants review and confirm the accuracy of their responses).

Once the data is organized, edited, and verified, the researchers proceed to analyze it. In this specific case, Jeremy Bentham's welfare state theory is used as a framework for the analysis. Bentham's theory, as previously discussed, focuses on the greatest happiness principle and the promotion of overall welfare. Researchers apply his ideas to interpret and understand the qualitative data collected. The researchers adopt a descriptive qualitative approach to analyze the data. This approach aims to provide a detailed and comprehensive account of the phenomena under investigation. It involves interpreting and describing the



collected data without necessarily seeking to test or develop theories. Researchers focus on summarizing and organizing the data in a meaningful way that aligns with Bentham's welfare state theory.

#### 4. Results

#### 4.1 The legislation to guarantee the progression of agriculture and farmers' welfare

Involving several related elements, the Malaysian government prepares legislation aimed at advancing the country's agriculture, which has a direct impact on farmers' welfare. The legislation is in the form of regulations for institutions that support the agricultural sector, and afterward, it is issued in the operational policy conducted by the government. With the help of MAFI, the government has formed several institutions that directly support agricultural products (Ministry of Agriculture and Food Security, n.d.-a). MADA (Muda Agricultural Development Authority) is one of the institutions given the right to increase farmers' rice products. The government's mandate to MADA is to improve farmers' income, to involve them in boosting the rice industry, to make them more competitive, and to transform the rice industry, which is modern, trained, and established. The MADA is regulated in parliament under Act 70, the Muda Agriculture Development Authority Act, 1972. To increase agricultural productivity in Malaysia, the government, via MADA, created the National Key Economic Area (NKEA) Entry Point Project (EPP) 10 Program, that is, Strengthening Rice Plant Productivity in Muda Areas. The implementation of the NKEA Rice Estates Project EPP 10 was first initiated in 2011 in the Muda Regions under the Government Transformation Program.

The program was initiated because of several main problems, such as the low availability of infrastructure, the minimum number of rice fields, and productive-age farmers (Ministry of Agriculture and Food Security, n.d.-b). The NKEA EPP 10 Program is one of the government's efforts to increase farmers' incomes in the Muda Regions. The program includes the expansion of fields for planting rice on a commercial scale through the contract/lease of rice field management and financial incentives for farmers, the escalation of rice field infrastructure availability to 30 meters/ hectares, and farmers' involvement in the rice quality improvement process. Their participation in the aforementioned program is intended to give them proper incentives and to present those working in PPK (Eng.: Area Farmer Organization) a similar proper income. PPK is a unit under the MADA aimed at improving skill, increasing the income of skilled farmers, and realizing a farmer society that is progressive, independent, welfare, and having the spirit of mutual aid.

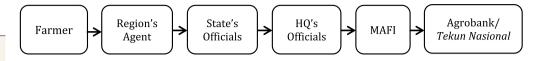
Besides MADA, there is also the Kemubu Agricultural Development Authority (KADA), which is responsible for improving agricultural production in the Kemubu region. It was officially initiated through Act 69 of the Kemubu Agricultural Development Authority Act (1972) (Kemubu Agricultural Development Authority Act, 1972, 1972). The government also launched the Federal Agricultural Marketing Authority (FAMA) to support the marketing of agricultural products based on the FAMA Act 1965 (Act 141). To strengthen farmers' capital and the agricultural industry, the government also provides Agrobank, a Malaysian government-owned bank, to help fund the agricultural sector. These institutions (MADA, KADA, FAMA, and Agrobank) guarantee Malaysian agricultural progress and farmers' welfare.

Another piece of legislation positively affects the success of the agricultural sector in Malaysia. This legislation is managed by the Ministry of Agriculture, and aims to increase people's welfare in different ways. This is a program for the development of the basic agricultural industry aimed at strengthening farmers' capacity and the agricultural industry. Some activities held are the development program, the improvement of rice production value, the improvement of product quality, packaging and marketing, the transformation program of processing technology, and the Good Manufacturing Practices (GMP) program (Ministry of Agriculture and Food Security, n.d.-b).



Figure 1. Financing flow given by MADA.

Source: http://www.mada.gov. my/en/entrepreneur/agropre neur-muda-program/



## 4.2 Farmer's access support in obtaining financial facility both from the government and bank

Banking access facilities that farmers can use are the financial programs via Agrobank, MADA, and FAMA, which cooperate to provide special funds for agriculture. This cooperative program is prioritized for Malaysian citizens aged 18 to 40 years who own land or rice fields. Ease of access is also shown in the funding procedure provided by Agrobank, as explained in Figure 1 Farmers will get the fund if their application is approved by the officials/agent of the region/area, state's official/agent, the headquarters' official/agent, MAFI, and afterward it is proposed to the Agrobank.

The Malaysian government also eases the financing facility via the appointed Agrobank and agrees with MAFI, which is in the form of the Young Agropreneur Program. The goal is to increase youth interest in agriculture. The facility was provided through skill training and financing via Agrobank. There is no financial facility for beginners; however, it is provided to the project development team with a profit-sharing system. For example, *Tekun Nasional* gets RM 50.000 for each farmer, with 5% mandatory savings and 2% administrative fee per year (Khas, n.d.) and Agrobank Program with financing facilities ranging from RM 50.000 to RM 200.000 by applying Islamic principal, that is, *tawarruq* (monetization) agreement (Financing Programmes – Agrobank, n.d..).

The Malaysian agricultural policy for farmers to obtain easy credit access to banks is also provided by FAMA, in addition to MADA. Figure 2 shows the easy access arranged by the FAMA. The government's task does not merely give ease, but also gives assurance that farmers feel protected in doing their agricultural activities, particularly in terms of funding and financial security. For farmers who have *forward agreement* with FAMA in agricultural cultivation, the government guarantees the financial process in banking institutions.

Looking at the financing flow above, farmers who have collaborated with MAFI are eligible to propose financing from banks. The government will first give recommendations and considerations to the bank via the *Forward Agreement*. After following the required administration, the targeted bank will give credit to farmers based on the government's recommendation.

#### 4.3 The legal certainty of basic price that ensures the agriculture sustainability

MAFI, via FAMA, issues a policy that facilitates product marketing in the form of contract farming. The agreement is between farmers and FAMA. The policy is issued to meet market needs and fulfill the stock of agricultural needs in Malaysia. Farmers are provided with land for planting and work. The commodity variety of "contract farming" includes varieties of plants. These plants are then classified into several types, as determined by FAMA. Here are the five plants included in the Contract Farming Commodity based on the information from the FAMA Program in 2019: first, 17 kinds of fruit such as five types of pineapples (Morris, Josapine, N36, Gandul, and MD2) and two types of star fruit (B10 and B17); second, 15 kinds of vegetables such as cucumber, chilly, and pumpkin; third, two kinds of flowers: orchid and kekwa; fourth, six kinds of cash crops, that is, plants that only needed a short time to grow, such as sweet corns, sugar canes, and coconut; and the last 10 herbs, such as lime, Orthosiphon aristatus, and Centella asiatica.

Figure 2. Financing flow provided by FAMA.

Source: Interview-Based Analysis (Samuddin, 2019).





Government policy determines the basic price in contract farming, so it has price certainty. If farmers experience a loss because of the low selling price, FAMA will buy the farmers' harvest (Harith, n.d.). This is done to avoid price manipulation in the market. FAMA, in addition to determining the basic price of agricultural products, also facilitates the marketing of agricultural industries. FAMA holds a program to bridge between farmers (contract farming) and the market (consument) through the farmers' market, online and offline Agrobazaar, and retail outlets of FAMA (Samuddin, 2019).

The government's regulations prove the importance of legal certainty on the basic price of products for the betterment of the agricultural sector and for the state's prosperity. This is shown by several basic rules of FAMA's role in guiding farmers to market agricultural products (Acts and Regulations - KPKM, n.d.). The 2008 Regulations of Federal Agricultural Marketing Authority (Grading, Packaging, Labelling of Agricultural Produce), the 1989 Regulations of Federal Agricultural Marketing Authority (Registration of Persons Engaged in Processing or Marketing of Agricultural Produce), the 1990 Regulations of Federal Agricultural Marketing Authority (Licensing of Exportation of Fruit), the 1975 Regulations of Federal Agricultural Marketing Authority (Vegetable Marketing), the 1973 Regulations of Federal Agricultural Marketing Authority (Coconut Marketing Scheme), and the 1971 Regulations of Federal Agricultural Marketing Authority (Coffee Marketing Scheme).

These regulations are crucial for those engaged in the agricultural sector, end-to-end, particularly for farmers to assure the continuity of commodity production. If the harvest is sold at an appropriate price, the next commodity production will last longer. The basic agricultural price is determined based on the verdict of the Department of Agriculture (DOA), which is structurally under MAFI. This determination will be the guideline for FAMA to buy farmers' harvests through contract farming.

The basic price is a subsidy for farmers; thus, they do not experience a loss because of price uncertainty in the market. It is determined by calculating the outcome cost by the DOA plus the 5% to 10% profit margin. This was validated by the MAFI Contract Farming Main Committee Meeting. Based on information from the FAMA Program in 2019, there are some basic prices of MAFI's Contract Farming Commodity: Durian D24 is RM 2.20/kg, honey lime is RM 2.40/kg, rock melon is RM 3.10/kg, and jackfruit J33 is 1.20/kg.

4.4 The new agricultural land supply through Federal Land Development Authority (FELDA) Since its Independence Day, other than the development program of agriculture through MAFI, Malaysia has been doing the land exploration and establishment in a new area through the Federal Land Development Authority (FELDA). This institution was founded on 1 July 1956, under the Land Development Ordinance 1956 (Act 474) to develop new areas (under the GSA-Group Settlement Area Act 530) with the objective of poverty alleviation through oil palm and rubber cultivation. FELDA's main function is to run land development projects and agricultural activities, industries, and social-economy commercial (FELDA - Utama, n.d..).

FELDA's vision is to drive the progressive development of the nation, while its mission is to increase the value of settlers' interests. The FELDA program not only helps the poor from the Malay race. FELDA LBJ and FELDA Lurah Bilut accept several communities, such as Chinese and Indians. FELDA in Sabah and Sarawak also helped the descendant communities. In 2000, FELDA managed 9,000 square kilometers, most of which were for palmlands.

FELDA is now an economic institution under the Prime Minister, whose main role is to provide some facilities to ensure that the settlers receive appropriate education so that their life and socioeconomic qualities are increased. It also has several decent programs, such as entrepreneurship programs, fruit and vegetable plants, and farms under the National Food Store, with the objective of bridging urban and small urban areas.



#### 5. Discussion

The data displayed in this article show the success of developing Malaysian agriculture, proven by farmers' achievement in improving deserved welfare. The secret of agricultural success and farmers' welfare, as shown in this research result, lies in the government's huge action and commitment to the establishment of the agricultural sector. The action that covers the policy of funding facilities, supervising programs, and legal certainty in determining the basic price of crop sales has become a transformational power of the agricultural sector. They not only give moral encouragement for the agricultural sector's growth and development but also give legal certainty and structural back-up that ensures the betterment of agriculture and farmers. The government's policy to fulfill citizens' welfare and interests shows that they live up to their own principal to be in a welfare state (Knutsen & Rasmussen, 2020; Leite, 2016; Ulriksen, 2012).

The government's concern for the development of agriculture and farmers is based on the principle that economic independence can be established on lands managed as an economic source. This can be seen from the map of agricultural policy in Malaysia, which allocates a sizable budget for agriculture. Subsidies for the agricultural sector in 2018 showed better progress. According to the annual report of MAFI (The Ministry of Agriculture and Food Security, n.d.-a), the agricultural sector (commodity of industry and Food Agro) added as much of RM 99.5 Billion with 0.1 percentage point increase. What has happened in Malaysia is part of the application of the welfare state concept introduced by Jeremy Bentham (the greatest happiness/welfare of the greatest number of people), oriented toward citizens' felicity. Through various policies and programs, the government has successfully quaranteed the welfare of farmers in Malaysia.

Government involvement is essential for strong economic development, particularly in the agriculture sector. As presented in this article, agricultural progress involves three factors. The first is agricultural infrastructure, which is the basic economic resource that enables sustainability of the agricultural sector. The allocation of agricultural land and protection of agriculture have allowed economic growth. Second, structural factors in the form of legislation and policy became a strength that enabled the evolution of the agricultural sector. The government's pro-farmers' principal and policy in Malaysia provided a structural force for the necessary progression. Finally, the cultural factor in which farmers with a farming tradition have always been guaranteed to grow has become a moral strength for agricultural continuity. The acknowledgement of farmers' existence and the received rewards politically enabled agricultural traditions to grow and enhance.

Some previous studies on Malaysian success in the economy and agriculture are only partial and sectoral discussions. For example, Sayaka and Adhie are concerned about food product policy, particularly the policy of price control of agricultural products (Sayaka & Adhie, 2016). A similar result was found in a study conducted by Bisant Kaur et al., who evaluated a contract farming program made by FAMA (Kaur et al., 2015). A number of researchers discussed about small farmer, particularly on "contract farming" program made by FAMA which gave them role into a food supply chain in Malaysia (Chin, 2015). There is also a review analysis of the New National Agro-Food Policy with socioeconomic impacts (Bakar et al., 2012), and a review on the Farmer's Market, which is one of the FAMA programs that facilitates agricultural product marketing (Alaudeen et al., 2015). To date, there has been no discussion on Malaysian agricultural products from the Welfare State perspective.

This comprehensive study demonstrates the accomplishment of Malaysian agriculture and farmers' progress in the application of Welfare State theory. This achievement not only provides political space for small farmers' rights, but also gives them legal certainty and political life protection for farming continuity. What has been achieved in Malaysia is a kind of "lesson learned" that can be exemplary for other countries in developing economic independence through the agricultural sector, especially in Southeast Asia areas.



#### 6. Conclusion

The discussion on agricultural policy in Malaysia was conducted systematically. The government has provided the structure of agricultural institutions and the policy of basic prices written in regulations, providing legal certainty and infrastructure through land supply. Government alignment with farmers causes farming culture to have more passion for improving agricultural productivity. Thus, it can contribute to the food security in Malaysia.

Malaysian concerns about farmers give their citizens prosperity and happiness. Socioeconomically, Malaysia has reinforced both the material and morality of farmers. Facilities in the forms of funding, supervision, and involvement in marketing agricultural products show that the country makes serious efforts to realize a welfare state. The role of farmers in food sustainability and food security has attracted the Malaysian government.

The essential results presented in this article can be used as lessons learned" in other countries. Further research is expected to be conducted to complete the discussion from a different perspective. A study of agricultural policy is crucial for showing the state's role in actualizing the strengths of the socio-economy, food security, and welfare.

#### **Author details**

Khoirul Hidayah<sup>1</sup> E-mail: khoirul.hidayah@syariah.uin-malang.ac.id Mohd Halim Mahphoth<sup>2</sup> Syabbul Bachri<sup>1</sup> Ramadhita<sup>1</sup>

- <sup>1</sup> Universitas Islam Negeri Maulana Malik Ibrahim Malang, Malang, Indonesia.
- <sup>2</sup> Universiti Teknologi MARA, Cawangan Melaka, Malaysia.

#### Disclosure statement

No potential conflict of interest was reported by the author(s).

#### **Citation information**

Cite this article as: Welfare state-based agricultural policies in Malaysia, Khoirul Hidayah, Mohd Halim Mahphoth, Syabbul Bachri & Ramadhita, *Cogent Social Sciences* (2023), 9: 2241261.

#### References

- Acts and Regulations—KPKM. (n.d.). Retrieved May 10, 2023, from https://www.kpkm.gov.my/akta-dan-peraturan
- Adamashvili, N., Fiore, M., Contò, F., & La Sala, P. (2020). Ecosystem for successful agriculture. Collaborative approach as a driver for agricultural development. European Countryside, 12(2), 242–256. https://doi.org/10.2478/euco-2020-0014
- affected by the pandemic, Malaysia helps 217 billion to help the agricultural sector—Google Search. (n.d.). Retrieved May 10, 2023, from https://www.google.com/search?q=terdampak+pandemi+malaysia +bantu+217+milyar+bantu+sektor+pertanian&sxsrf= APwXEdeuEa324UsogAbksKXlv141dYg\_8w% 3A1683677680667&ei=80FaZOWwKKrGkPIPheW G2AY&ved=0ahUKEwjl6MmQvOn-AhUqI0QIH YWyAWsQ4dUDCA4&uact=5&oq=terdampak+pan demi+malaysia+bantu+217+milyar+bantu+sektor +pertanian&gs\_lcp=Cgxnd3Mtd2l6LXNlcnAQ AzoECCMQJzoFCCEQoAE6BAghEBU6BwghEKABEA66C gghEKABEMMEEAo6BAghEApKBAhBGAFQxAZY9\_ABYMn2AWgCCAB4BoAB1gaIAe65AZIBDjitMS4xOS4x NS4xMC42mAEAoAEBwAEB&sclient=gws-wiz-serp
- Alaudeen, M. S. S., Atan, N., Akbar, Y. A. A., Rahman, K., & Mohamed, S. (2015). A case study at pasar tani kluang: Factors that affect sales under jimat belanja dapur programme. *Procedia Economics and Finance*, 31, 736–745. https://doi.org/10.1016/s2212-5671(15) 01163-6

- Amanullah A., Lakhan, G. R., Channa, S. A., Magsi, H., Koondher, M. A., Wang, J., & Channa, N. A. (2020). Credit constraints and rural farmers' welfare in an agrarian economy. *Heliyon*, 6(10), e05252. https:// doi.org/10.1016/j.heliyon.2020.e05252
- AR\_2018-19\_Final\_for\_Print.pdf. (n.d.). Retrieved June 16, 2023, from https://agricoop.nic.in/sites/default/files/AR\_2018-19\_Final\_for\_Print.pdf
- Bachke, M. E. (2019). Do farmers' organizations enhance the welfare of smallholders? Findings from the Mozambican national agricultural survey. Food Policy, 89, 101792. https://doi.org/10.1016/j.foodpol.2019. 101792
- Bakar, B. H., Hashim, A., Wan, C., Mohamed, J., & Songan, P. (2012). The new Malaysian national agro-food policy: Food security and food safety issues. 3rd International Conference on Global Environmental Change and Food Security (GECS-2012): The Need for a New Vision for Science, Policy and Leadership (Climate Change as an Opportunity), Marrakesh, Morocco.
- Barati, A. A., Azadi, H., & Scheffran, J. (2021). Agricultural land fragmentation in Iran: Application of game theory. *Land Use Policy*, 100, 105049. https://doi.org/10.1016/j.landusepol.2020.105049
- Chandra, A. J., & Diehl, J. A. (2019). Urban agriculture, food security, and development policies in Jakarta: A case study of farming communities at Kalideres – Cengkareng district, West Jakarta. Land Use Policy, 89, 104211. https://doi.org/10.1016/j.landusepol. 2019.104211
- Chen, Z., Zhang, A., Zhou, K., & Huang, L. (2021). Can payment tools substitute for regulatory ones? Estimating the policy preference for agricultural land preservation, Tianjin, China. Land Use Policy, 100, 104860. https://doi.org/10.1016/j.landusepol.2020. 104860
- Chin, D. (2015). Supermarkets in Malyasia's Food Supply Chain: Influence on Traditional Supply Chain and Implications for Contract Farmers. 2015 Conference, August 9-14, Milan, Italy, Article 211464. https://ideas.repec.org//p/ags/iaae15/ 211464.html
- Durao, S., Visser, M. E., Ramokolo, V., Oliveira, J. M., Schmidt, B. M., Balakrishna, Y., Brand, A., Kristjansson, E., & Schoonees, A. (2020). Communitylevel interventions for improving access to food in low- and middle-income countries. *Cochrane*



- Database of Systematic Reviews. https://doi.org/10.1002/14651858.CD011504.pub2
- Elviandri, E. Quo Vadis Negara Kesejahteraan:

  Meneguhkan Ideologi Welfare State Negara Hukum
  Kesejahteraan Indonesia. (2019). Mimbar Hukum Fakultas Hukum Universitas Gadjah Mada, 31(2), 252.
  Article 2. https://doi.org/10.22146/jmh.32986
- FAO. (2020). COVID-19 and the role of local food production in building more resilient local food systems.
- FELDA Utama. (n.d.). Retrieved June 16, 2023, from https://felda.gov.my/
- Feukam Nzudie, H. L., Zhao, X., Liu, G., Tillotson, M. R., Hou, S., & Li, Y. (2021). Driving force analysis for food loss changes in Cameroon. *Journal of Cleaner Production*, 278, 123892. https://doi.org/10.1016/j. iclepro.2020.123892
- Financing Programmes Agrobank. (n.d.). Retrieved May 10, 2023, from https://www.agrobank.com.my/product/program/
- The Global Economic Outlook During the COVID-19
  Pandemic: A Changed World. (n.d.). World Bank.
  Retrieved 26 July, from https://www.worldbank.org/
  en/news/feature/2020/06/08/the-global-economicoutlook-during-the-covid-19-pandemic-a-changedworld
- Halloran, A., & Magid, J. (2013). Planning the unplanned: Incorporating agriculture as an urban land use into the Dar es Salaam master plan and beyond. Environment and Urbanization, 25(2), 541–558. https://doi.org/10.1177/0956247813500903
- Harith, S. (n.d.). *Headquarters of FAMA* [Personal communication].
- Herrmann, R. T. (2017). Large-scale agricultural investments and smallholder welfare: A comparison of wage labor and outgrower channels in Tanzania. World Development, 90, 294–310. https://doi.org/10. 1016/j.worlddev.2016.10.007
- Jansen, L. J. M., Kalas, P. P., & Bicchieri, M. (2021). Improving governance of tenure in policy and practice: The case of Myanmar. Land Use Policy, 100, 104906. https://doi.org/ 10.1016/j.landusepol.2020.104906
- Kaur, B., Kamarulzaman, N. H., & Hamzah, N. (2015). The Impact of Public-Assisted Contract Farming Programmes in Malaysia. Journal of Agribusiness Marketing, 7, 1–15. https://www.researchgate.net/publication/301627970\_THE\_IMPACT\_OF\_PUBLIC-ASSISTED\_CONTRACT\_FARMING\_PROGRAMMES\_IN\_MALAYSIA
- Kemubu Agricultural Development Authority Act. (1972). 69. (1972). https://www.fao.org/faolex/results/details/en/c/LEX-FAOC033598/.
- Khas, P. (n.d.). Portal Rasmi TEKUN Nasional. Retrieved May 10, 2023, from https://www.tekun.gov.my/ms/ usahawan-tekun/program-khas/program-khas/
- Knutsen, C. H., & Rasmussen, M. B. (2020). Majoritarian systems, rural groups, and (arrested) welfare state development. *International Political Science Review*, 41(2), 238–254. https://doi.org/10.1177/ 0192512118809106
- Kumm, K.-I. (2014). Achieving profitable, productive climate-neutral Swedish agriculture. Outlook on Agriculture, 43(4), 247–252. https://doi.org/10.5367/ oa.2014.0182
- Leite, S. P. (2016). The role of policy makers in the formulation and implementation of public policy for Brazilian agriculture. *Latin American Perspectives*. https://doi.org/10.1177/0094582X16632027
- Leong, W.-H., Teh, S.-Y., Hossain, M. M., Nadarajaw, T., Zabidi-Hussin, Z., Chin, S.-Y., Lai, K.-S., & Lim, S.-H. E. (2020). Application, monitoring and adverse effects

- in pesticide use: The importance of reinforcement of Good Agricultural Practices (GAPs). *Journal of Environmental Management*, 260, 109987. https://doi.org/10.1016/j.jenvman.2019.109987
- Midgley, J., & Livermore, M. (2009). The handbook of social policy. SAGE Publications. https://doi.org/10.4135/9781452204024
- Ministry of Agriculture and Food Security. (n.d.-a). HOME -KPKM. Retrieved May 10, 2023, from https://www. kpkm.gov.my/home
- Ministry of Agriculture and Food Security. (n.d.-b). Program Agropreneur Muda – Laman Web Rasmi Lembaga Kemajuan Pertanian Muda. Retrieved May 10, 2023, from https://www.mada.gov.my/?page id=12197
- Murad, W., Mustapha, N. H. N., & Siwar, C. (2008). Review of Malaysian agricultural policies with regards to sustainability. American Journal of Environmental Sciences, 4(6), 608–614. https://doi.org/10.3844/ ajessp.2008.608.614
- Murdad, R., Muhiddin, M., Osman, W. H., Tajidin, N. E., Haida, Z., Awang, A., & Jalloh, M. B. Ensuring urban food security in Malaysia during the COVID-19 pandemic—Is Urban farming the answer? A review. (2022). Sustainability, 14(7), 4155. Article 7. https:// doi.org/10.3390/su14074155
- Okdinawati, L., Sunitiyoso, Y., Simatupang, T. M., Hermawan, P., Noerhatini, P., & Sitadewi, D. (2020). Interaction model of agribusiness: The case of tomato farming in West Java. *International Journal of Business* & *Globalisation*, 26(1/2), 24. https://doi.org/10.1504/ IJBG.2020.109827
- Panigrahi, R. (2019). Economics of subsidies in a welfare state: Dynamics of populist policies and farm profitability. *Global Business Review*, 22(3), 705–717. https://doi.org/10.1177/0972150918816902
- Rodgers, C. (2019). Delivering a better natural environment? The agriculture bill and future agri-environment policy. Environmental Law Review, 21(1), 38–48. https://doi. org/10.1177/1461452918824504
- Samuddin, H. (2019, January 29). *January 29, 2019* [Personal communication].
- Sandhu, H., Müller, A., Sukhdev, P., Merrigan, K.,
  Tenkouano, A., Kumar, P., Hussain, S., Zhang, W.,
  Pengue, W., Gemmill-Herren, B., Hamm, M. W., Tirado
  von der Pahlen, M. C., Obst, C., Sharma, K.,
  Gundimeda, H., Markandya, A., May, P., Platais, G., &
  Weigelt, J. (2019). The future of agriculture and food:
  Evaluating the holistic costs and benefits. *The*Anthropocene Review, 6(3), 270–278. https://doi.org/
  10.1177/2053019619872808
- Sayaka, B., & Adhie, S. (2016). Stabilisasi Harga Pangan Nonberas di Malaysia. Forum Penelitian Agro Ekonomi, 34(1), 71–86. https://doi.org/10.21082/fae. v34n1.2016.71-86
- Sharma, R., & Singh, G. (2015). Access to modern agricultural technologies and farmer household welfare: Evidence from India. *Millennial Asia*, 6(1), 19–43. https://doi.org/10.1177/0976399614563222
- Sharp, K., Zerriffi, H., & Le Billon, P. (2020). Land scarcity, resettlement and food security: Assessing the effect of voluntary resettlement on diet quality in Malawi. Food Security, 12(1), 191–205. https://doi.org/10.1007/s12571-019-00979-y
- Slade, R., Hazell, P., Place, F., & Renkow, M. (2020). Evaluating the impact of policy research: Evidence from the evaluation of rural policy research in developing countries. *Evaluation*, 26(4), 541–561. https://doi.org/10.1177/1356389020931881
- Suharto, E. (2006). Peta dan Dinamika Welfare State di Beberapa Negara: Pelajaran apa yang bisa dipetik untuk membangun Indonesia? Retrieved from http://



- www.policy.hu/suharto/Naskah%20PDF/ UGMWelfareState.pdf
- Ulriksen, M. S. (2012). Welfare policy expansion in Botswana and Mauritius: Explaining the causes of different welfare regime paths. *Comparative Political Studies*, 45(12), 1483–1509. https://doi.org/10.1177/ 0010414012453026
- van Zonneveld, M., Turmel, M. S., & Hellin, J. (2020).

  Decision-making to diversify farm systems for climate change adaptation. Frontiers in Sustainable Food Systems, 4. https://doi.org/10.3389/fsufs.2020.00032
- Warinda, E., Nyariki, D. M., Wambua, S., Muasya, R. M., & Hanjra, M. A. (2020). Sustainable development in East Africa: Impact evaluation of regional agricultural
- development projects in Burundi, Kenya, Rwanda, Tanzania, and Uganda. *Natural Resources Forum*, 44 (1), 3–39. https://doi.org/10.1111/1477-8947.12191
- Zhang, R., Ma, W., & Liu, J. (2020). Impact of government subsidy on agricultural production and pollution: A game-theoretic approach. *Journal of Cleaner Production*, 285, 124806. https://doi.org/10.1016/j. jclepro.2020.124806
- Zhong, T., Si, Z., Shi, L., Ma, L., & Liu, S. (2020). Impact of state-led food localization on suburban districts' farmland use transformation: Greenhouse farming expansion in Nanjing city region, China. Landscape and Urban Planning, 202, 103872. https://doi.org/10.1016/j.landurbplan.2020.103872