



Briefing Paper

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Rural Development in Poorer Countries

Food production per head in Latin America, the Far East and Africa is now less than before the war. Only in the Near East is it higher; and even here it has recently declined from its low post-war peak. The UN estimates that 10% - 15% of the world's population are suffering from undernutrition and some 50% from malnutrition. US stocks of surplus food which have in the past been distributed to developing countries (PL 480) are now virtually exhausted. The need to increase food production in the developing countries is obvious.

Why Agriculture?

In the past it was often assumed that the way to development was by rapid expansion of the industrial sector. Since greater purchasing power in the manufacturing sector results in a growth in demand for food, it was argued that this would put up the price of food and so stimulate increased output. But the anticipated increase in supply has simply not happened. The probable explanation lies in the fact that a large part of the agriculture in developing countries is on a subsistence basis - i.e. most of what farmers produce is for the direct consumption of their own families rather than for the market. Supply is not very responsive to new market demands from those working in industry, and a more direct stimulus to food production has to be sought.

Although it is the problem of providing food for an expanding population which draws attention to agriculture, it would be a mistake to think that population pressure is the only reason for developing agriculture. Since agriculture is the dominant sector in the economy of most poorer countries, to develop it offers the most direct possibility of raising the standard of living of the population at large. Over time agriculture will play a proportionally smaller role, but for many years to come a flourishing agriculture will provide the most important source of savings for investment in industry and the only sizeable source of foreign exchange with which to import capital and other essential goods. Moreover, an increase in rural incomes will expand the market for locally manufactured goods. It might also slow down the drift of population to the towns where there is often serious unemployment with its accompanying social problems.

What sort of Development?

The principal changes required are in institutions e.g. the provision of adequate marketing and credit facilities, and in attitudes. Most important of all is an adequate agricultural extension service not only to demonstrate better techniques, but also to convince farmers that change is worthwhile. Much peasant conservatism is rooted in fear of the risks involved in moving from subsistence farming to market production. Large scale schemes such as irrigation, land resettlement and mechanisation are expensive, and can only reach a small segment of the population. There are, on the other hand, many ways available for increasing productivity in peasant agriculture with only a small capital outlay. These

include the use of improved seeds and artificial fertilisers, control of pests through insecticides, the introduction of mixed farming and improved cultivational practices such as timely planting and proper weeding. Much research, of course, still needs to be done.

Overseas Aid

Aid has an essential role to play in the development of agriculture. But, to be effective, more attention must be given to the forms in which it is made available. The importance of technical assistance, both in the form of experts and in the provision of training facilities, will be obvious from what has been said above. Equally important is the need to provide financial aid which is not tied to imports of equipment, but which can be used to meet local and even recurrent costs. Most donors - obsessed with balance of payments problems - are reluctant to respond to this need.

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