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DISCUSSION REPORT

(Paper presented by H. Brown, F. Alleyne & J. Bryden)

The discussion was impeded because of insularity although an attempt was made to approach the issues on a regional basis. A major problem discussed was the supply-demand relationship between agriculture and tourism, and whether support should be given to agriculture with respect to the market situation. One view was that too much would be spent for producing something in one area when it could be obtained more cheaply elsewhere and that resources have been attracted away from agriculture into other activities because of higher returns in these activities. One weakness also noted in the relationship between agriculture and tourism was the unreliability of supply. Consequently, it was felt that agriculture should be forced to become more efficient and to give greater returns to labour.

Another view was that the social welfare function should be formulated since tourism deals with the international market and also because the market does not actually reveal what the people want. The market or market price reflects a number of considerations, including the distribution of incomes. Thus, policy should be formulated according to where the market fails. It was also thought that agriculture's efficiency should not be improved on account of the market situation because the market is extremely imperfect, which results in imperfect situations. Consequently, the main solution was in the removal of structural and institutional barriers like land ownership since these concern management training and the structure of training in the new agricultural enterprises. The demonstrative effect of television and tourists on shaping consumer demand was also noted.

On the question of utilisation of different resources a distinction was made between Guest Houses and the Hotel Sector. The degree of local ownership was very high in the Guest House Sector. Management in this sector was also almost entirely local and there was a close link between most of the small hotels and restaurants to local agriculture. However, paradoxically most of the incentive legislation was for hotels often rooms or more. In the case of large hotels, the import content of overall expenditure was quite high - 65 per cent of food consumption. The small hotels also needed to import to a lesser extent because of the unreliability of local supply. The larger hotels also showed a higher imported management input and one of the problems of these hotels was a failure to run and to co-ordinate relevant training programmes.

In the case of Barbados the Extension Service was inadequate in the allowance of 12 officers, 5 of whom were from Trinidad. The failure of the service was due to a lack of communication and in who organised the service.

It was suggested that the development of the agro-industry should emphasize the replacement of imports by hotels. On the demand side small-scale agriculture should be re-appraised since supplies were difficult to activate which demand was booming, and perhaps a ceiling should be placed on the numbers of tourists and production geared towards this. In the case of Barbados the point was made that it was a matter of long-term development programming rather than a tourist philosophy. On the supply side the question was, how to make resources available to the small farmers who respond to changes in the domestic market. While the small farmers did not rate very high in technical efficiency they rated very high in economic efficiency.

Thus, the answer was to examine the problem of agrarian reform with reference to the structure of land ownership and the supporting institutional arrangements as it was felt that the freehold system was not the best type in the Caribbean.

In Jamaica support policy was for expanding agricultural production and not limiting demand because of the relatively low capital/labour ratio in agriculture, and an average income way below the national average. Further, it was felt that in a developing economy emphasis should not be in expanding tourism but rather in expanding agricultural production because of inflation. Consequently, the main focus should also be in terms of making resources available to agriculture and a proper marketing structure.

However, where the smaller islands were concerned, support was given to limiting demand in view of the fact that the food market for tourism was not the only concern. One of the reasons for governments promoting tourism is in dealing with the unemployment problem, but this results soon thereafter in a shortage of labour to support the industry, as in the Bahamas where 18 per cent of the labour force was imported. In Barbados, the Country Planning Survey suggested that by 1982 labour will have to be taken from other sectors and even imported from the other islands.

In the sixties the growth of tourism in the smaller islands was led very much by demand and it was thus suggested that supplies should be the factor influencing rate of growth. As a result, a different structure would be encouraged, namely the 1-20 room section, thus creating a different demand for labour and for food, and a different structure of ownership. This, however, raises the question of whether one should gear agro-industry or agriculture to supply the existing hotel sector, or in limiting the amount of agricultural production for the hotel sector. The whole relationship between the domestic sector of agriculture and tourism would thus have to be re-appraised.

The criticism of the Barbados Country Planning Survey was based on the relative insignificance of the tourist demand in the total demand for food and the highly seasonal pattern of employment in the industry. It was recommended that the demand for food stimulated by the influx of tourists should not be dampened as the farmers would benefit from the high levels of demand. Nevertheless, the overall situation is that enough food is still not being produced to feed the indigenous population.

In Jamaica, it was agreed that tourism had induced a large number of people from agriculture. Unfortunately, many who might have migrated from agriculture spent their time unsuccessfully attempting to get employment because of their lack of skills and so aggravated the social situation.

Steps were being taken in Barbados to utilise the demand created by tourism by stimulating agriculture. These included: the introduction of import restrictions on certain commodities, a grant of roughly \$900,000 agricultural credit through the Caribbean Development Bank, the implementation of a project costing over \$1m., a marketing project financed through the CDB, the examination of a land settlement scheme which would result in an estimated 2m. pounds of food, and an emphasis on agro-

industries and small farm mechanisation as priority areas in development planning. Self-sufficiency has been reached in fresh milk production, and poultry was noted as another industry being developed whose demand was also created by the tourist sector.

However, the criticism was that the Government's policy was negative and that the steps outlined did not start to touch on the seriousness of the problem. The poultry industry was dying and 8m. pounds of poultry were being imported annually which could easily have been twice as much. Advice was also given that the performance of the industry should not be judged by growth of output but by things like import, inputs such as soya, employment, the concept of value added, the concomitant increase of the fiscal output and the analytical approach to a more gross output.

Where competition for capital was concerned, it was felt that capital invested in the tourist industry would not have gone to agriculture in any case because agriculture could not attract foreign investments through a good rate of return, and investments could not be amortised as soon as possible in that sector. It was learnt that fiscal incentives were very important in influencing foreign investment within the economy but in Jamaica these incentives were applicable to anyone, the quantum of incentives being determined by the local value added within the total value added. The pattern of ownership in agriculture has changed in favour of locals so that fiscal incentives applied mostly to local capital. Thus, since the ownership in agriculture is predominantly local and the major portion of the investment in tourism comes from foreign sources, there is no competition for capital. Agricultural prices so influenced the rate of return as to discourage investment in this sector although fiscal incentives were provided.

The suggestion was made that the tourist industry flourished because it was more lucrative and thus nothing should be done to retard any one of these industries. The fundamental issue was land reform since farmers were expected to produce for the domestic market and also certain export crops and yet they had very little good land. In Jamaica, as in 1938, lands have been given to people not to develop agriculture but to keep the people quiet. Land is political dynamite and thus what is needed to obtain good land reform is to educate people to see the need and to cultivate a climate in which the demand would be powerful enough to ensure that the government who initiates land reform would be safe. However, the panel stressed that the concern was to adequately meet the domestic demand for food and that the tourist sector was only one side of this demand. Also pointed out was that in Jamaica land reform is being discussed but in a different context altogether, which was the overall development programme of the agricultural sector.