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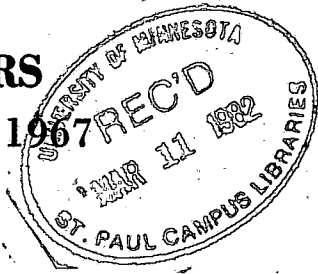
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**Reports of Discussion
Groups at the
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Sydney, August 1967**

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GROUP 17. INSTITUTIONAL STRUCTURES FOR INCREASED OUTPUT IN AGRICULTURAL ECONOMIES

Chairman: D. J. G. Smith, *South Africa*

Secretary: D. H. Penny, *Australia*

Consultants:

R. P. Christensen, *U.S.A.*

J. Gonzalez, *Peru*

All types of agricultural economies have the same basic *set* of institutions to encourage increased production. Although no agreement was reached on the 'best definition' for the term 'institutional structures' the group spent most of the discussion time talking about the institutions that operate in the extension, research, marketing, credit and land tenure fields. Many members of the group seemed to feel that the government should do more in these institutional fields in order to stimulate more rapid increases in agricultural production. Others stressed, however, that it was unlikely that more could be done until the resources, economic and political, now committed to such activities were better used than they are now.

On land tenure the group agreed that there were some basic principles generally applicable in all types of agricultural economies. It was argued that good land tenure systems everywhere would, *inter alia*, provide security of expectations for those who work on the land, provide for adequate compensation for unexhausted improvements when transfers of control take place, and allow the establishment of farm units that are large enough for 'adequate' living and good management.

It was generally agreed that too many resources had been devoted to government credit programmes in the low-income agricultural economies. In India supervised credit programmes had been found to be too costly to operate on a large scale, and it was pointed out that in Brazil the credit element in development programmes had been downgraded in recent years because it had become clear that it was not lack of credit that was hampering development but rather the lack of sound and practical extension work.

All agreed that modern inputs had to be provided, but there was no agreement on how this task should best be done.

Given the shortage of resources and expertise, particularly in low-income economies, it is not possible to optimize at any one time in any



GROUP 17. INSTITUTIONAL STRUCTURES FOR INCREASED
OUTPUT IN AGRICULTURAL ECONOMIES

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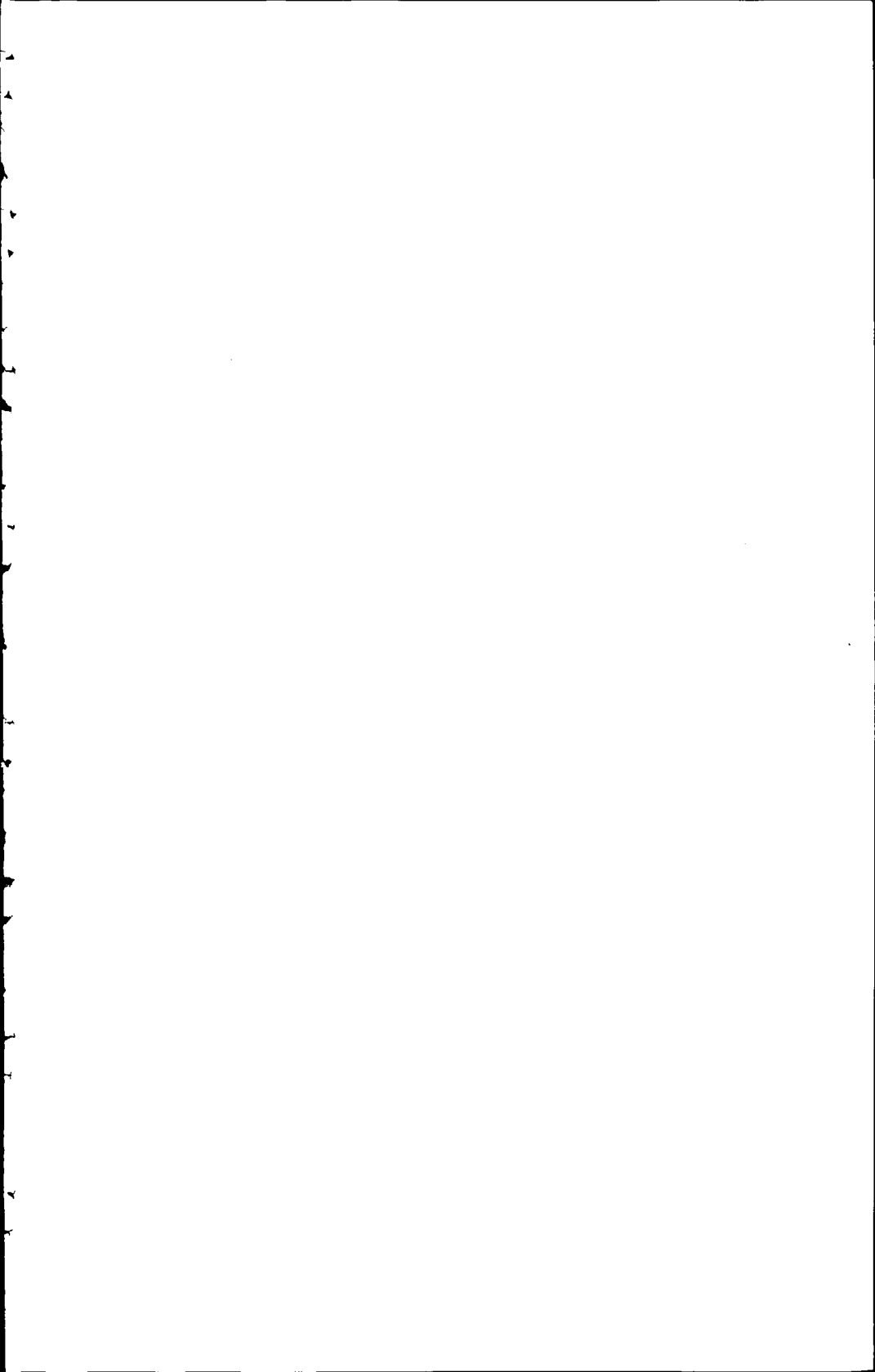
single field let alone in all fields at the same time. It was generally agreed, however, that trying to do a little something for everybody made development programmes much less effective than they might be and that consideration should be given to allocating programme funds to those areas where farmers were most willing to contribute—in money and/or acceptance of responsibility. Particular attention should be paid to the needs and demands of agriculture. The need for more 'feedback'—from field workers and farmers—was emphasized, for without this it was difficult to formulate effective development programmes.

Many of our general ideas are inadequate and need rethinking. One example given concerned availability of capital: in a poor area of southern Africa the farmers had no cash capital, but by changing the form in which their present capital was held, from a largish number of poor cows to a smaller number of better cows, production and income were increased substantially. The group also felt that farmers are rarely so poor that they cannot afford to help themselves to some extent by paying something, and that in any case they usually value more highly those things for which they have made some personal sacrifice.

Extension work in particular can be improved if the approach is more intensive (which means that only small groups can be served directly) and if better attention is paid to the needs of farmers and the problem of motivating them.

Government employees who perform development functions do less well than they might because, in many countries, no clear distinction is made between the law and order and tax functions of government and the production-increasing or development functions.

To sum up: the same general institutions exist everywhere, but for the most part operate much less effectively than they might. It is not more money that is needed but a re-evaluation of what is done and how. There is no magic in a given institutional structure: the important thing is how effectively the institutions operate.



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