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DEVELOPMENT PROBLEMS IN ADVANCED COUNTRIES IN COMPARISON TO THOSE OF UNDERDEVELOPED AREAS

ERICH H. JACOBY

INTRODUCTION

DEVELOPMENT problems are not the monopoly of under-developed countries. Both developed and under-developed countries are economically and socially involved in the process of growth and the dividing line between them is frequently unrealistic. In Lebanon and Mexico, for instance, effective agriculture, commercial organization and capital intensive industries exist side by side with most primitive farming practices and tribal population groups. In spite of the most advanced institutions Israel comprises highly-efficient industrial and agricultural enterprises as well as tribal life and backward agriculture. There exist, therefore, broad possibilities for applying to under-developed countries principles well established and confirmed by experiences in advanced countries. Economic and social planning, and particularly institutional planning in under-developed areas can greatly benefit from them.

Policy problems in under-developed and advanced countries, however, should not be confused. There is considerable literature which tries to determine the stage when the cumulative process depending on the inter-action of socio-economic factors makes possible large-scale economic development. The acceleration effect following the "take-off" is the most significant feature of the advanced economies. This process is often supported by a fortunate change in the pattern

of population distribution contrary to that which marks the under-developed areas. While in the under-developed countries the population pressure on the land reduces the sizes of the farms and thus the possibility for application of progressive technology, agriculture in advanced countries has a secular trend towards the increase of the average size of farm units. All these distinct and considerable differences, however, do not affect the fact that economic and social growth is the same process for all countries and that consequently some of the factors are inter-changeable and experiences apply both to developed and under-developed areas.

This paper will present some development problems of advanced countries encountered in their continuous effort to ensure economic and social progress by a policy of adjustment to demographic, technical, and economic changes. It can be said with a high degree of certainty that this process is not unlike that of economic and social growth in which under-developed countries are involved when they have reached the strategical point of departure—the initial release of forces which make progress possible. On the other hand, a thorough study of the development mechanism of advanced countries and of the balance of factors decisive for their growth, will assist under-developed countries in approaching the point of departure.

SPECIFIC PROBLEMS OF ADVANCED COUNTRIES

The development problems of advanced countries can be divided into four main groups:

- (1) problems of neglected agriculture and distressed industrial areas;
- (2) rationalization of agriculture in accordance with changes in the demographic pattern and technology;
- (3) the change in land-town relationship, including problems of viable villages;
- (4) social problems, such as the organization of free-time and the problems of the old-age group.

An examination of these groups will demonstrate the wide range of problems involved. These include the existence of under-developed areas in advanced countries, problems of maladjustment and malinvestment; changes in land use and in the relationship between population groups; and, of course, specific social aspects in transitional periods of economic change. There is no doubt that many of these aspects are the reverse of those of under-developed countries, as for example, the social problems associated with planned parenthood and technical rationalization. While the population pattern of under-developed countries shows a great predominance of the younger-age groups, highly-developed countries show a tendency to be over-aged. Free-time problems of highly-developed countries are very different to the unemployment problems of under-developed areas, but there remain some closely-related aspects, as for instance, problems of part-time occupations, which have some significance in both cases.

Students of development problems in under-developed countries should not under-estimate the complexity and the seriousness of the problems which planners in developed countries have to face. It is certainly true that the planner in developed countries disposes of a plentitude of financial and staff resources and can mostly work in an atmosphere of political and social stability. On the other hand, problems of market competition are also problems of urgency and substance. High living standards are not only a privilege but also a commitment, and stagnation means always regression in comparison to successful competitors. From this point of view, development problems in advanced countries are also problems of economic and social survival though the economic and social risks which a stagnating economy involves might not be very impressive for observers from under-developed countries; but these risks are vital in the eyes of millions of agricultural and industrial workers and consumers in Western Europe and America.

Although the safety margin in advanced countries is very much broader than in areas where a crop failure can result in starvation, decisive mistakes in the economic planning of developed countries can release a serious chain of political and economic reactions leading to unemployment and social regression. Students of the economics of under-developed areas will recognize some similarities in the groups of problems mentioned above.

Problems of Neglected Agriculture and Distressed Industrial Areas

Problems of backward agricultural areas in advanced countries can frequently be traced to excessive fragmentation, badly conceived land-use patterns, shortage of working capital, and particularly in some of the Mediterranean countries, inefficient administrative practices. Problems of land reform are also often involved. These indications will find an active response from students of development problems in under-developed countries, and there is no doubt that schemes developed in the Scandinavian countries, in the Netherlands and France, could have some meaning for the under-developed countries of Asia and Latin America.

It is interesting to note, for instance, that the Netherlands Government was able to resettle owner-cultivators from congested areas as lease-holders on Government land in the new polders. The close co-ordination of consolidation operations and the resettlement of small farmers on larger holdings, which was carried out in the Netherlands, might be of considerable interest for Indian and Ceylonese economists. If the Dutch peasant, who has been a proud owner-cultivator for many generations, can be resettled as a lease-holder, similar or related arrangements should be possible in India and Ceylon. However, the pre-condition for such a change is the availability of extension services, credit and marketing facilities. Sweden is a successful example of a highly-organized producer-co-operative movement which has as counterpart no less powerful consumer co-operatives. This combination of producer and consumer co-operatives prevents mutual exploitation and facilitates price agreements, fixation of production targets and market control. Developments in Denmark are very similar to those of Sweden. Various countries in Europe are experimenting with the establishment of collective cowsheds in recognition of the fact that the shortage of labour is as great a limiting factor for production as is the shortage of land in many Asian countries.

France is carrying out interesting experiments of collective agricultural production and collective arrangements exist also in Germany in the fruit production. The Danish co-operative movement has given in their meat-processing (bacon) industry a successful example of vertical integration 40 years earlier than that in the poultry industry in U.S.A. carried out by commercial interests.

Of no less interest are the policies applied in distressed industrial areas. The United Kingdom has successfully established new industries in distressed mining areas by providing commercial concerns with strategically-located real-estate, tax privilege, modern communications, etc. The resettlement of the working population in the course of the new settlement of industries and the establishment of retraining facilities for unemployed workers are routine devices in Sweden and similar methods are also now in use in the United Kingdom. Measures of this type create a new link between rural and town communities and establish a different relationship between them.

It is true that under-developed countries cannot dispose of the financial and staff resources which Sweden and the United Kingdom are able to invest in projects of this kind, but from the point of view of economic and social planning in under-developed countries the magnitude of the projects is of less interest than the integrated approach to the matter. It is also important that the progressive countries of Northern and Western Europe do not accept economic and social facts at their face value and are not only interested in reshaping the agricultural and industrial landscape but also the farmer and the industrial worker.

Another point is that these Governments know that agrarian reconstruction, changes in the industrial pattern and retraining programmes are permanent aspects of their economic policy, since the production machinery both in the agricultural and industrial sectors has to comply with changes in the demographic pattern and in the technological methods. We know, however, that in many under-developed countries an adjustment of the agrarian pattern is at best a part of one or two successive five-year plans and not a continuous programme which stays with the nation for good.

In India, for instance, only the first five-year programme had given strong priority to the reorganization of the production structure of agriculture, which in a country with small, uneconomic—and to a large extent extremely fragmented—holdings, is a precondition for agricultural development. Tenure reforms can hardly be a great economic success unless they are planned and implemented as an instrument for creating the foundation for structural reorganization of agricultural production. Despite all differences between advanced and under-developed economies the scope for structural improvement in India is obviously parallel to development aspects in advanced countries. Structural improvement programmes in Western countries are in substance the same as those in India, although their proportions and contexts are very different: How are the deficiencies of millions of under-sized and fragmented holdings from a production-economic point of view to be overcome? And how to pool land resources in order to make larger units so as to facilitate rational farming and to introduce modern technology of agriculture?

Rationalization of Agriculture

The progress of agricultural rationalization has been highly successful in Western Europe and the U.S.A. The economic and social environment in these regions encourage the cultivator to play an active role in decision-making on all levels of farm management and thus ensure his participation in development policies. Structural reform programmes, largely a result of technical and economic changes have strengthened the impact of new scientific and technological developments in agriculture. A final result of the successful agrarian reform programmes in Northern and Western Europe is that the rural population, due to the improvement of their economic position, has acquired a new consciousness of its value as a farming community, which stimulates its interest in agricultural progress. These experiences prove that agrarian reform programmes are not a luxury to be obtained at will, but are an essential precondition for the release of human energies. They constitute a background for education, since they can develop qualities of intellect, commonsense, energy, resourcefulness and prudence, all of which are necessary to the acceptance of technological changes and to make the best use of technical innovations. Half-hearted reform measures as have been seen in many countries of the Near East and Asia, could not function as a release-mechanism for agricultural progress since they did not provide incentives for additional effort—for instance, for the application of comprehensive fertilizer programmes or for progressive changes in the land utilization pattern. We have seen in many under-developed countries that peasants have refused to use the water provided by irrigation schemes because they were not yet ready to accept the new commitments which the use of the water involved in order to achieve the larger benefits from their irrigated land.

The substance of Western experience is that it is the human factor which in the end determines the rate of progress. It is fallacy to believe that any considerable progress in under-developed countries is possible without increasing the productivity of agricultural labour—but how is this possible without changing the economic and social balance in the villages and the approach to life and work of the starving peasants? No doubt the differences between the two worlds are immense, and are expressed in all aspects of life and work; demographic and technical problems could not be more different. The over-populated areas in Asia and Latin America, with mass unemployment and under-employment, require technical equipment which increases the productivity of the land without the introduction of labour-saving machinery. In advanced countries, however, where shortage of labour is the limiting factor the situation is reversed. But in both cases rationalization of agriculture has to proceed as a reconciliation between demographic and technical developments.

The Change in Land-Town Relationship

In the advanced countries the reduction of the agricultural labour force has led to a revolutionary change in the land-town relationship. It may be expected that in a few years' time the agricultural labour force in the majority of the advanced countries will have dwindled down to 6-10 per cent of the total population. The effects of this change on the economic and social structure of a nation must be considerable. The exodus of the agricultural population in the advanced

countries is absorbed by the expanding industries, commerce and services, and the real problem there is to ensure for the remaining agricultural population an income and way of life equal to that of the towns. This development, of course, has many side-effects: *agricultural villages*, for instance, *with a declining population* may no longer be viable from an educational and administrative point of view. In Sweden combined Government and industrial efforts are concentrated on retaining villages with declining populations as viable units.

Once more problems of under-developed countries appear to be the reverse of those in advanced countries. Under-developed countries have also experienced the agricultural exodus to the town—a flight from the defective agrarian system of the country-side. But that exodus is not absorbed by town industries and services. The migrants linger in suburban areas without productive contacts with the town economy. At best, they take up temporary occupations or are involved in petty hand-to-mouth street commercial activities. The urgent task which under-developed countries have to face is to replace the absorption-function of Western industries by an adequate utilization of excess labour, both in agricultural and town areas. The most suitable solution appears to be the establishment of labour co-operatives which can be concentrated on strategic points in order to increase agricultural productivity by public irrigation and draining works, terracing, afforestation, road building and house construction.

Social Problems

The social problems which have been listed above, particularly the problem of organization of free time, and the prevalence of the older-age groups have hardly yet been dealt with in the developed countries. The problems have been pinpointed, but not much has been done towards their solution. One particular approach has been part-time farming which uses up the free-time of industrial workers and of the older people. The combination of agricultural and industrial activities within the framework of part-time farming is a particular feature in advanced economies; this aspect, however, has some marginal similarities to the problems of the farmers on minute holdings in an under-developed country, who wish to use a part of their available time in supplementing their meagre incomes. The spreading of rural industries in congested areas with under-sized holdings would offer a solution.

The placing of these industries, however, which to a large extent will be processing industries, might involve considerable difficulties. These industries must be located near the centres of agricultural production on which they will depend, and must not be far from villages with a high volume of excess labour. A satisfactory road and communication system, therefore, is an important precondition for the organization of rural industries. Labour should be mobile (as it is in advanced countries) if it is to be a valuable production factor which is efficiently organized and, therefore, adequately paid. Handicrafts carried out by immobile labour in individual village homes in the traditional manner is a losing proposition since it cannot compete with industrial production and consequently brings about steadily-declining returns.

CONCLUSIONS

It would be a mistake to assume that economic and social planning in advanced countries has always been a success. During the first post-war period farms in the Netherlands, Switzerland, and Southern Italy were established on a too-small-scale, since the rates of technical progress and agricultural exodus had been underestimated. In Central Sweden collective cowsheds were a failure because the forage trade was not co-operatively organized. In Switzerland costly farm buildings were constructed to last for two to three generations without allowance having been made for easy adjustment to new changes in technology. In some of the European countries the whole traditional concept of the family farm is now under re-examination in the light of unexpected technical and economic developments.

Regulations restricting agricultural production in the U.S.A. have affected the small producers to a greater extent than the larger ones, with the result that surplus stocks increased steadily, while the consumption levels of an under-privileged minority did not increase in accordance with the growing production level of agriculture.

Despite these shortcomings the value of Western experiences remains of considerable importance for under-developed countries provided that they are not applied schematically. They have to be viewed in the context of the under-developed economies and with the proper understanding of the basic differences. Frequently Western experience cannot provide much more than some background for planning suited to the economic complexity of under-developed countries. It is particularly significant that the imposition of advanced techniques and industries (as, for instance oil industries in the Near East) on primitive economies creates economic and social problems which are completely new, and have had no precedence. The essential point remains that development is identical with a permanent adjustment process, which, by solving a few existing problems, creates a multitude of new ones.

It is certainly not by chance that India—an under-developed country with a leading position in the field of economic planning—has established evaluation machinery which in many regards is superior to the Western evaluation approach. While keeping development systems under continuous observation and control it should be in the position not only to evaluate critically and independently individual programmes but to carry out a limited number of comparative studies of relevance for planners in under-developed countries. If such studies are made in the light of world-wide experiences, they will make a great contribution for economic and social planning in the under-developed regions of the world.

TABLE I—BOVINE POPULATION IN MAHARASHTRA, PUNJAB AND WEST BENGAL

State	Population in 1961 ('000)			Growth rate 1956-61 (%)			Density of cattle per 100 acres of gross cropped area
	Cattle	Buffalo	Total	Cattle	Buffalo	Total	
Maharashtra	15,526	3,133	18,659	10.2	15.3	11.0	111
Punjab	6,053	4,425	10,478	1.8	16.2	7.4	76
West Bengal	11,464	948	12,412	3.2	20.3	4.3	25
All India	175,671	51,137	226,808	10.7	13.9	11.4	47

Source : *Agricultural Situation in India*, Directorate of Economics and Statistics, Ministry of Food and Agriculture, 1961 and 1962, Vols. 16 and 17.

The data given in the Farm Management Reports throw light on the number of draught, milch and other cattle on farms of different size. Data in Table II have been derived from these to show the composition of the cattle population on the average farm in 1956-57 in the districts surveyed in Maharashtra, Punjab and West Bengal.¹

TABLE II—COMPOSITION OF CATTLE BY TYPE PER FARM IN MAHARASHTRA, PUNJAB AND WEST BENGAL, 1956-57

State	Av. farm size (acres)	Draught		Milch		Other		Total	
		No. per farm	% of total	No. per farm	% of total	No. per farm	% of total	No. per farm	No. per 100 crop acres
Maharashtra	19.90	2.6	41.9	1.8	29.0	1.8	29.0	6.2	27.6
Punjab	17.48	2.8	41.1	4.0		58.9		6.7	29.1
West Bengal	3.08	1.3	42.2	0.8	24.4	1.0	33.4	3.1	89.2

Note : The figures are for the average of the samples in the districts of Ahmednagar and Nasik for Maharashtra, Amritsar and Ferozepur for Punjab, and Hooghly and Howrah for West Bengal.

It appears from these sample data that the density of cattle population per 100 acres of gross cropped area on farms in these districts is very different from the overall State density for Maharashtra, Punjab and West Bengal. The first State comes out with the lowest density, while the last with the highest. Such differences are due to the fact that these data relate to a small sample in only two districts

1. Studies in Economics of Farm Management in Bombay, Punjab and West Bengal : Reports for 1956-57, Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India.

in each State and cattle maintained by persons without holdings are excluded from the frame of selection.

But the interesting finding is that whatever the average size and distribution of farms and the density, the proportions of draught, milch and other cattle on the farms in these three States are the same. About 42 per cent of the cattle on the farms are draught animals, while milch and other cattle make up the remaining 58 per cent, in equal proportions in Maharashtra and slightly less so in the other two States. These figures show that the first consideration and priority attached to cattle by the cultivators is for draught power. The so-called milch cattle is meant for breeding future bullocks much more than for producing milk. All this is, however, not unknown.

With the help of the data given in these reports, an attempt has been made to derive the distribution of the cattle population by size of farms in these three States. Since the average and the range of the size of holdings vary considerably among these States the figures of percentage distribution worked out for the different size-classes in each State have been regrouped, for purpose of comparison, into three broad categories, small, medium and large holdings. Holdings of size upto two-thirds of the average size have been classified as small, those from two-thirds to four-thirds of the average size as medium and the remaining ones as large. It is obvious that the size-range in each of these categories will be different for each of these States. The data on the distribution of farms and of the cattle among these three categories of holdings are given in Table III.

TABLE III—DISTRIBUTION OF CATTLE POPULATION ON FARMS BY RELATIVE SIZE OF HOLDINGS, MAHARASHTRA, PUNJAB AND WEST BENGAL, 1956-57

State	Item or category	Distribution by relative size of holdings (%)		
		Small	Medium	Large
1	2	3	4	5
Maharashtra	Farms	40.7	39.2	20.1
	Draught cattle	27.0	35.5	37.5
	Milch cattle	26.9	36.9	36.2
	Other cattle	26.2	29.9	43.9
Punjab	Farms	38.3	35.2	26.5
	Draught cattle	27.3	65.1	7.6
	Other cattle	27.6	64.0	8.4
West Bengal	Farms	44.0	28.4	27.6
	Draught cattle	20.4	30.6	49.0
	Milch cattle	25.0	26.3	48.7
	Other cattle	24.8	27.7	47.5

The data given in Table III are revealing in many ways. On the factual side, they show that the small farmers account for a nearly equal proportion of all