



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

## Discussion Report

The initial discussion on this paper centred on the appropriateness of the emphasis on the scarcity of capital and foreign exchange. It was pointed out that labour constituted a large part of the investment in small-farm agriculture. It was noted, however, that in this respect a useful distinction could be made between domestic and export agriculture, though this was not spelled out in the paper.

The paper was criticized for its lack of emphasis on the scarcity of entrepreneurs in the West Indies. It was argued that there was a correlation between capital shortage and the level of entrepreneurial skill in the Caribbean economies. It was noted further that in the Caribbean economies most income accrued in the form of wages and salaries. The basic problem in these economies was that of providing adequate channels for development. In the absence of investment opportunities income was channeled into consumption, and consumption was facilitated by policies of easy importation. Moreover, it was argued that external entrepreneurs held an advantage over local producers owing to their more advanced technology, greater availability of capital and so on. It was stated that in the Caribbean economies entrepreneurship was directed towards the production of services rather than commodities.

The discussion then turned to the role of technology in development and the case for including this as a variable in any model of a Caribbean-type economy. It was pointed out that the weakness of the model used in the paper was that it emphasised the importance of capital intensity. With this type of model a basic assumption is that rapid accumulation will generate development. This is appropriate to developed countries where the scarce factor is labour. But this assumption is invalid for economies like those found in the West Indies where labour is plentiful.

An important need, therefore, is to find a technology which is well adapted to the West Indian environment. There were three possible approaches to finding appropriate technologies. Firstly, existing techniques could be transformed with the help of ad-

vanced technical knowledge. Secondly, the most advanced technology available could be adapted or adjusted to suit the requirements of small economies with their differing proportions of labour and capital. The third approach was research and experimentation mainly by universities and government research organisations. Such research should be geared to the exploitation of local raw materials.

A further point of discussion was the assumption that in order to stimulate import substitution inefficient agriculture must be tolerated. It was argued that unless prices move downward, in the absence of protection, markets would decline. What was important for agricultural development was the improvement of productivity and efficiency. There was an urgent need to increase incomes in agriculture to attract labour. Some discussants pointed out that agriculture should not be regarded as the sector able to absorb excess labour since this would be incompatible with the pursuit of greater agricultural efficiency which was essential if agriculture was to survive, especially as an export industry. It was felt that low wages and low capital use were incompatible with efficiency in agricultural production and that other possibilities for absorbing excess labour would have to be investigated.

Some doubt was expressed as to whether there was sufficient information on the agricultural sector to indicate whether labour would necessarily be displaced if agriculture became more efficient. In this connection the need for more research was recognised.

The manipulation of the structure of demand for agricultural commodities was also discussed. It was noted that much of the discussion of import substitution was carried on in the context of the replacement of imports by the local production of similar commodities. But there was an essential need for research into the feasibility of developing new products based on locally produced agricultural raw materials. Some doubt was, however, expressed on the scope for developing such products in view of the very open nature of the Caribbean economies.