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# THE EXPERIENCE OF AGRICULTURE AND THE RURAL SECTOR IN ECONOMIC DEVELOPMENT (with special reference to Dominica)

J. Bernard Yankey  
(*Caribbean Development Bank*)

## Introduction

The two principal basic economic and social objectives of the public sector in development are rising real incomes and a relatively high level of employment. But this is not all, a wide cross-section of the community, both rural and urban, must benefit from the opportunities so created to achieve these ends. Because a particular territory may be small in terms of the relative size of the resource base available for economic development and constrained by a net population growth rate which varies between 2 to 3 per cent per annum, with a high concentration in the rural sector, the task of public policies and programmes to promote and generate public and private investment for economic development becomes one which requires insight and initiative, flexible but active planning, organization, knowledge and commitment. Nothing less than these can make small economies move to provide for the rising aspirations of people.

If these aspirations arise purely out of a pattern of behaviour to copy what the more developed countries have to enjoy with their increasing leisure time, then the argument can be set aside since this particular situation assumes that a high standard of living and satisfaction has been attained through hard and planned work, and that increasing leisure is desired. *This is not our case.* However, if rising aspirations are interpreted to mean the demand from people for improved housing; better nutrition, sanitation and medical care; education tailored to the available occupational activities both in the short and long terms, and increasingly meaningful employment opportunities to absorb those who enter the labour market yearly, then the case is a strong one, indeed.

In discussing such a subject, one is expected to support statements with statistical information. However, any researcher who is familiar with this region (CARICOM/CARIFTA) is aware that statistical information in the LDCs (the Associated States and Grenada) either do not exist or, if they do, they refer to as far back as 1960/61. If they are more recent, they are usually not very reliable. Consequently, the author has decided to rely heavily on knowledge of the situation and judgement based on experience.

## The Economy of Dominica

The economy of Dominica currently is based principally on the production performance of the agricultural sector which is dominated by the Banana Industry. The Banana Industry is fully market-oriented (traditional market is the United Kingdom) and contributed, on the average, to over 80 per cent of total export agriculture in value terms. Domestic agriculture, though not fully market-oriented, is growing steadily and food production

is increasing as imported foods become scarce and expensive and the levels of real incomes decline in relation to that obtained in the 1960s. Foods produced are principally for rural family and urban consumption with a fluctuating but expanding trade in exports to areas in the region.

The gross domestic products seem to be growing at an annual average rate of 3 per cent in money terms (based on 1961-1966 estimates) and agriculture (meaning, export agriculture, food production for the domestic market, fishing and livestock) has been contributing approximately 35 per cent of GDP (estimates up to 1965). This position has remained relatively constant during the period 1960-1970. Export agriculture has been contributing roughly 19 to 20 per cent of GDP.

The overall performance of agriculture has been a direct result of increased banana production. This occurred through the movement of rural people into new lands, which were held by government as secondary and primary forests, and which are being continuously opened up as public policies to link interior and coastal settlements and which are being implemented to provide feeder roads. This was further strengthened as farmers adopted the use of chemical fertilizers to increase banana yields. This increased from a consumption volume of 2,000 tons in 1961 to 5,000 tons in 1968. Present consumption is still below the recommended amount per acre and the pattern of imports is rather erratic.

Whereas there was an overall increase in the total export of bananas, an increase in the island's yields<sup>1</sup> per acre which rose from 2.3 to 2.8 tons per acre, and an increase in the total incomes received by growers during the period 1960-1969 (an average annual increase of roughly 11 per cent per annum); there is evidence to indicate that there was a general levelling of marketable output for export with downward trends during 1970-1972 due to new and untried marketing requirements geared for top quality fruit (boxing, treatment and assessment), unattractive prices in the winter months, mismanagement of controls over disease problems, unfavourable weather conditions particularly strong damaging winds and drought, and the limits reached in expansion on suitable acreages of land which facilitate easy and profitable production and transportation to market. With new initiatives at the replanting of old fields and the establishment of pure stands of bananas, as much as possible, it is estimated that production could increase at the rate of 2 per cent per annum as from 1975. This will depend to a large extent on market conditions and the price received by banana farmers. Banana farmers are very responsive to the price incentive. When prices are considered good, they fertilize, they clean fields, they control diseases and pests. When prices are uneconomically low, they temporarily abandon fields and seek alternative short-term employment, mainly with the public sector. With good summer prices and bad winter prices, production tends to remain on the decline as the neglect to one crop also shows up in the other.

While it is true to say that export agriculture<sup>2</sup> has played a very

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<sup>1</sup> This includes cultivations that are managed full-time and those managed part-time; large scale, medium scale and small scale farms; scattered unattended plots and fields heavily intercropped with trees.

<sup>2</sup> Besides bananas, this includes citrus (grapefruit, orange and limes), cocoa, coconut products, bay oil, vegetable fibres and food crops.

significant role in the economic growth of Dominica during the sixties, its average annual growth seems to be declining relative to the performance of the manufacturing and mining sector, the construction and engineering sector, the distribution and commerce sector and the activity of the public sector.

Manufacturing has been concentrating in the area of light industries; and these include the processing of limes, the production of straw material - mats, bags, etc; the processing of copra into soaps, oil and meal for feeding of animals; the processing of sugar cane to rum for local use mainly; the manufacture of bay oil for export; canning of fruits, baking, woodwork, metal work, home garment making and the bottling of soft drinks. Most of these are agro-based industries and depend on the agricultural sector for raw material.

The Tourist Industry, which witnessed expansion trends during 1965-1972 through initiatives by private entrepreneurs who predicted a boom (this must be the rationale for the relatively rapid private investment which took place in that sector), has shown a sharp decline from 1972. Inconvenient travel facilities, bad hotel management, poor planning in hotel location and construction, and a negative social attitude towards the influx of small numbers of tourists, have all contributed to that decline. The Tourist Industry has also failed to stimulate increasing production of local foods to feed tourists. The import of food has increased significantly since 1968, mainly with respect to the expensive items such as meats and dairy products which are consumed mainly by the relatively small upper middle class and the hotel and restaurant business.

### The Agriculture Sector and Its Experience

The agriculture sector includes the farmer on his farm, the market institutions, the distribution system for farm produce and farm supplies, the commercial organizations handling supply of farm inputs, the education system if there is a bias towards agriculture, the overall technical expertise in agriculture which is available and the public institutions set up to promote agricultural development through prescribed policies and programmes. Instead of thinking of the sector in the narrow sense as being the farmer, his farm, his farm family and his production; one is encouraged to look at the main activity of production, with all the link-ups which go to make it a success or a failure.

#### The Structure

The structure of that sector consists largely of one and a half (1½) acres cultivable land farm to ten (10) acres cultivable land farms in a population of roughly 10,000 full-time and part-time farmers. These farmers produce a wide mix of bananas, tree crops and livestock and supply the home market with foods, principally starch. Production of vegetables, largely seasonal, is on the increase.

The increase in the numbers of small scale farms has given rise to an apparent shortage of labour in absolute terms. This is attributed to the fact that small scale farmers were originally the main source of labour supply to agriculture. With increasing attention to their own cultivations, they are now able to provide only part-time labour to medium and large scale farmers. With a tree crop type agriculture determined by the dominant quality of climate and terrain, a shortage of labour to agriculture can adversely affect

the production performance of the most progressive type farms.

The relatively large scale farms (over 100 acres of cultivable land), commonly called estates, are located on the best quality soils and areas of favourable climatic conditions, in close proximity to all weather motorable roads; they are tree crop and export crop-oriented, labour intensive in cultivation practices, and poorly developed as a result of a combination of part-time or absentee owner/manager and manager with limited knowledge and experience in scientific agriculture, inadequate managerial skills and ability. These estates occupy more than 50 per cent of the cultivable lands of Dominica, they are owned by less than one per cent of the farmers and have large areas of unused cultivable lands. They are, in the main, extensively cultivated (low crop density per acre).

During the period 1966-1972, the interest in agricultural co-operatives and farmer's groups gained momentum because of farmers' dissatisfaction. A situation then developed in which farmers got together and organized themselves to market their perishable commodities quickly, and for pooling their limited resources to have feeder roads cut inland to make it possible to get close to farm gate (even only in the dry season), with the support of government. Where, however, associations of farmers have been dominated by large scale producers and are geared to the marketing of a traditional crop such as citrus, the co-operative has been weak and management poor. It seems, on the contrary, that where a co-operative is made up of small scale producers primarily in which the market for the particular crop involved brings in added returns due to efforts in investing in a modernizing production and processing structure, the co-operative system has emerged as a strong and profitable one, with good management. By and large, interest in agricultural co-operatives continue and in recent times, apart from taking care of the processing and marketing end, has expanded to include on-farm production.

Public land distribution policy and the access of rural people to purchase private lands over the last ten years principally from incomes derived in producing bananas when the price was as high as 7 cents per pound on the stem and from other sources including remittances, have given rise to the emergence of a medium size type farm which is cultivated by people with formal education but not necessarily managerial skills, and who are part-time farmers because of public or statutory employment and other business interests. The principal feature, however, of agriculture in Dominica is the absence of young farmers to produce in the next decade for export and to supply food for local consumption and the weakness of management functions in the production system.

### The Rural Sector

The location of agriculture as far as it relates to the farmer, the farm, his family and the market institutions which serve him, is in a rural environment.

In Dominica, the vast majority of the working population are either full-time or part-time farmers, agricultural labour (wage earners) or, depend on related activities such as transportation, marketing (for example boxing of bananas) and feeder road programmes for a livelihood. Some are also part-time fishermen. To some extent, there is migrant agricultural labour because of the apparent labour shortage discussed previously. Where labour quarters are provided on estates, rural people move from one village to such places (distances of over 50 miles) for employment. In the rural sector, however,

the rate of entry into the labour market per household is greater than in urban areas. This is due to the fact that in the rural areas the size of the household is larger than in the town, and children in villages leave school at earlier ages about 14 to 16 years of age. Child bearing is also comparatively early in rural areas as against the urban centre, consequently family financial responsibilities can be relatively onerous.

Agriculture and the rural sector has to provide rapid employment opportunities for young people. With the tendency, however, for young rural people generally to turn their backs on agriculture because of the physical hardships, the risks and uncertainties involved, the physical manpower required at a time when the mass media demonstrate how other people enjoy leisure than how hard they worked to achieve what they have, and the unfavourable situation in which secondary education is concentrated in towns so that on graduation there is no real urge for a rural boy or girl who has received a secondary education to return to the rural environment to start a farm or a marketing business; there is a continuous swell of young people in Dominica looking for jobs in one principal town. This urban centre has little to offer except in the limited commercial and service sector, much of which depends on the demand for goods and services generated by the agricultural (rural) sector.

The 1970 population census revealed that about 42 per cent of the population were in the labour force, with over 50 per cent engaged in employment in the agricultural sector. It is further estimated that about 30 per cent of new entrants of the labour force are absorbed by the agricultural sector. What this suggests is that economic activities in the urban setting, some of which when established can only develop directly as a result of the spill-over effects of the incomes from agricultural sector for example, commerce, home construction, etc., have to absorb quite a large proportion of the labour force.

It is estimated that roughly 15 per cent of the labour force is currently unemployed. The sector which seems partially able to take up the surplus arising out of the inadequacy of the absorptive capacity of agriculture to employ the rural population fully (where over 80 per cent of the people live), is services. This refers principally to Government. However, there is a limit to the amount of revenue that Government can collect. This is determined by economic conditions. The major proportion of public revenue is obtained from a combination of import duty and export tax on agriculture. The import duty arises from imports generated by demand for consumer and durable goods. This demand arises mainly out of the rural sector.

### Conclusions

Agriculture, as the *primary production* sector, based on the principal economic resources of Dominica, namely, the land, the climate, the people, their will and their entrepreneurship at farming, is the prime mover in the national economy. Agriculture has contributed significantly to the economy in terms of real incomes and employment. Because of smallness of the scale of operation of the majority of farmers, the difficulty of the terrain and climate, the scattered nature of farm plots with some farmers occupying more than one to produce sufficient to live; the inadequacy of roads, the high illiteracy among farmers which prevent them from adopting scientific practices, the high proportion of farmers who are over 50 years of age, the uncertainties

of marketing arrangements and periodic unattractive farm prices of certain key farm items, the agricultural sector of Dominica is now relatively dormant.

However, the effect of rising real incomes between 1956-1965 when banana prices were good can be seen in the educational opportunities that rural youth have mastered and the standard of housing that has emerged in the villages. A significant share of the labour force has been absorbed by the agricultural sector. The stage has reached when other sectors have to play an increasing role in providing employment opportunities. A reorganization of the structure and system of agriculture is essential if we are to attract young people to farming and to make farm work more acceptable to the rural and urban population. Where most people live in the rural sector, as is the case of Dominica, this is even more critical. Public policies and programmes will have to substitute the *laissez-faire* approach with one of deliberate and specific plans to use suitable but idle lands in the direction of land management projects which emphasize economic size of farms, production plans geared to marketing, management, infrastructure, choice of tenant, secure tenant arrangements and farmer training, among others.

The other sectors are dependent, to a large extent, on agriculture and agriculture is at the heart of rural development. There is indeed a critical inter-dependence between agriculture and other sectors for economic growth at every stage of Dominica's development process.

The manufacturing industries (which is estimated to grow at an overall rate of 5 per cent per annum and absorb roughly 19 per cent of the new entrants to the labour force annually) are based mainly on the need to process agricultural produce. The rural community, as the key source of agricultural incomes, is the major internal market for consumer goods and the output of secondary industries such as rum, beverages, baking products, etc.

Except for savings in rural credit unions, agricultural incomes have not provided a significant source of savings for domestic investment. The cost/price squeeze in agriculture has progressively weakened the real income position of the farmer and he needs to borrow to produce. He cannot save for farm investment.

There is no doubt attempts at industrialization have not provided a quick and easy way out of rural dissatisfaction. In fact, the very few foreign industries (timber and pumice extraction) have demanded much public incentives and have depleted the resources of the territory.

It is commercial agriculture that has played the dominant role in rural development. It has provided export earnings, employment directly or indirectly, level of incomes for education and better living conditions, particularly homes; it has provided the urban population with weekly but irregular supplies of food, principally starches. It has not, however, provided domestic savings except through credit unions, and has not responded to any effective demand that may have been generated by the Tourist Industry. It has created the demand for goods and services in the urban commercial sector, thereby creating jobs indirectly for clerks, shop assistants, insurance salesmen, etc. The earning capacity of farmers has made them aware and interested in better health conditions, thus the demand for rural cottage hospitals and health insurance policies in the rural sector. It has created,

to some extent, a viable land market with limited foreign involvement. Earlier foreign interests in land purchases for the setting up of country homes had land prices rising rapidly beyond the scope of local interests at prices highly uneconomical for commercial agriculture. Land ownership, no matter how small some farms may be, cover a broad base of the rural sector. For this particular reason, a large proportion of the people feel themselves as a part of the economic system. This is most important. A strong rural sector is the champion of a democracy by participation.

In the sum total, agriculture in a small LDC as Dominica will not be dynamic enough in the decades ahead to absorb a growing rural labour force and is limited in urbanization possibilities. The service and light manufacturing sectors offer scope but the demand for services is dependent principally on the strength of rural incomes and the mills of factories will require the raw material from agriculture. However, with a price cost/squeeze and diminishing real incomes, the shift in the rural consumption patterns must be in favour of locally produced foods. This will make the farmer better off and will provide a scale of operation in food production which make supplies available to the non-agricultural sector at relatively cheaper prices. One will not be faced in the years ahead with the issue of prices but as to whether food is available or not.