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I. STRUCTURAL TRANSFORMATION: REGIONAL STRATEGIES FOR DEVELOPMENT

Introduction

The title of the workshop was synthesized from the two related topics set. It has to be read in the context of the Conference theme of *The Relationship between Agriculture and Other Sectors with particular reference to the Competition for Resources in the Commonwealth Caribbean* and it is implicit that our concern was economic development and particularly agricultural development in the context of examining the relationship between the various economic sectors.

Our approach to the subject was to arrive at a relevant strategy for structural transformation by examining the relationship between the major sectors as it now is and as it should be for balanced development.

What had been implicit in the discussion were the objectives and the nature of meaningful development. For clarity, we state these first. The objectives of development were seen to be:

- (a) to maximise the use of all resources;
- (b) to improve real incomes, particularly of rural and other deprived people; and
- (c) to generate self-sustaining economic growth, throughout each country and the region.

This task becomes more urgent in the face of an economic situation in which the economies of the region continue to be export/import oriented, frustrating development and leading to an increasingly adverse trend in the terms of trade with the metropolitan world.

Identification of Significant Sectors in the Resource Base

In order to analyse the economic relationships, four major sectors were identified:

- (i) Agriculture - common to the entire region;
- (ii) Minerals/Extractive industries - mainly oil in Trinidad and bauxite in Guyana and Jamaica;
- (iii) Tourism - primarily in the East Caribbean, Barbados and Jamaica, although generally a less significant sector throughout; and
- (iv) Manufacturing - scattered, mainly in the more developed Caricom Countries.

It was noted that the wider the resource base (quantitatively and in variety) the greater the degree of development. In some discussion of the relationship between these sectors, it appeared that without direct linkage, nevertheless, the presence of the more varied resource base, especially minerals, had led to some economic growth to an extent not possible without these resources, but primarily this growth was through the spread of incomes.

Concept of Development

Development was conceived as the fostering of industries and agriculture with linkages between the growth sectors both nationally and regionally to the benefit of the whole economy. While deeply conscious of the region, it was recognised that the sequence may be inter-sectoral linkages in the national level and then more regionally. Any semantics about *balanced* development were rejected in favour of the concept indicated above.

The group accepted the thesis of the Nurse/Farrell paper that the extractive industries provide:

- (a) capital and some technological carry over; and
- (b) spin-off industries for labour absorption and income generation,

and went further to suggest the kind of restructuring necessary for agriculture to open the way for land and labour resources to be combined in the development of a new type of domestic agriculture in which there are strong linkages among food crops, feeds, livestock and the agricultural service sector.

The lack of such linkages (as well as the absence of linkages between agriculture and other sectors) was recognised as stemming from the existing structure of agriculture with:

- (a) traditional primary exports mainly from the plantations; and
- (b) a domestic food sector consisting of small *peasant* farms which are undeveloped.

Intra-sector Relationships with Development Potential

It was necessary to analyse the relationship between sub-sectors of agriculture in order to see the development potential in terms of linkages and supportive interaction between different activities. Thus the desired growth areas would be in livestock development linked with crops for feed, and domestic food crops for processing for the home market.

Strategy for Transforming Agriculture

Based on the objectives and the analysis of the sectors and sub-sectors, a number of alternative policies were considered. A consensus was reached on a set which seemed most likely to stimulate the desired development.

Firstly, the need was seen for a *new land policy* to redistribute land use and tenure patterns to rationalise production. The example of Jamaica's Land Lease Policy of the current programme *Operation Growth* was taken to be a valuable guide. It seemed likely that leasehold tenancies of state or state-acquired lands with appropriate organisation for new crops would be effective.

The new type of land use to stimulate new production patterns may be expected to encroach on the traditional export crop acres in the absence of other suitable lands.

While the concentration would be on the new agricultural forms, it was concluded that traditional exports would continue (with some

rationalisation) so long as the relative economic returns (including by-products and spin-offs) were adequate to assist growth. What was needed was the optimum mix to maximise resource use and incomes.

It was briefly noted that both fisheries and forestry had significant contributions to make to development. Thus fisheries must provide domestic food not only exports, and fish meal was needed for feed. Freshwater fish farming was recommended to improve rural diets. Forestry is an area where the extractive industries ought to invest in conservation and provide lumber for construction (for import substitution and higher rural incomes).

Strategy for Use of Capital

It was proposed that a part of the economic surplus of the extractive industries be channelled into the new type of agricultural development and spin-off industries. This would necessitate measures for greater national control of these industries. Also the financial institutions should be brought under more direct national control. The use of international finance was not excluded, but the emphasis was on internalising credit and the use of capital resources.

Strategy for Use of Human Resources

It was recognised that the development of the human resources was a major goal in itself. Further, the full use of human resources in combination with other factors was necessary to transform the economy and maximise total output.

The recombination of human, land and capital resources would improve rural incomes while *surplus* labour would be absorbed in manufacturing industries and agro-industries.

Strategy for Agricultural Development

With the agricultural sector, the potential exists for the establishment of linkages between such subsectors as crops for animal feeds and thus livestock production and food crops for processing and supplying more of regional food requirements as well as raw materials for industry. The other sectors would also feed back agricultural inputs such as fertilizers and other petro-chemicals. The intensification of the use of agricultural products and by-products, such as comfith, molasses, bagasse, banana, citrus and coconut meal, for feed and other industries will provide the linkages necessary for self-sustained development.

Maximum benefit from this strategy requires concomitant development of the internal marketing system especially in the areas of transport, storage and market information services. The existing import orientation of the food distribution system is a major constraint to linking local food producers to consumers.

The need was seen for continued research designed to quantify the linkages among defined sectors, both at the national and regional levels. Such studies should facilitate the selection of investment and development priorities which will foster linkages to make the Region

more economically independent.

Research should be completed on the optimal systems of product mix to establish suitable feed crop/livestock combinations and steps should be taken to ensure that supplies of needed by-products such as molasses are retained for feed in the region and not exported as raw material.

Thus the proposed strategy for development is to re-orient the economy towards internal growth stimulated by recombining the resources of land, capital and labour for a new product-mix such that the use of all resources is maximised and thus to improve the living standards of the people of the region.