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## Discussion on Paper by C. Dunn and F. Neckles

Hayden Blades (Guyana) started the discussion by asserting that the four alternatives proposed are not comparable because of differences in the following areas:

- (1) The quantity of arable land utilised: 540, 845 and 825 acres in Alternatives II, III, and IV, respectively.
- (2) Land use patterns. Alternative II suggests three different root crops, as well as coconuts intercropped with bananas. In Alternative III and IV livestock is included but not in Alternative II although this is pointed out to be the important source of income, security, and nutrition in that area.
- (3) The enterprises involved. Alternatives III and IV involve a bay distillery and a copra factory on a cooperative basis. Alternative II involves only a private copra factory.
- (4) The amount of analysis done on the costs involved in the cash flows. Management and support services are considered in Alternatives I, III and IV but not in Alternative II. The assumptions made for the data of the cash flow are not indicated and hence the financial viability of the alternatives cannot be assessed.
- (5) Land use proposals. Alternative II proposes cultivation of 240 acres in root crops, Alternative III, 20, and Alternative IV, 200, but the cash flow calculations assume that prices and output will remain constant although the report did not indicate marketing analyses.

Later in the discussion it was pointed out that the study team took the view that extension services would be provided, and costs such as repairs, maintenance and transport costs, were to be borne by Government. Where there was an absence of management, Government would provide this free of charge. On the question of variation of acreage it was revealed that the establishment of bay was excluded from Alternative II because only individual units of land were involved and farmers could not be settled on the steep hillsides.

The following problems concerning each alternative were identified:-

- (1) Alternative I is inoperable because the people want to decide how to use the land they have struggled to obtain.
- (2) Alternative II seems to have a strong bias towards farming a large proportion of land.
- (3) Alternative III proposes to use the whole area as cooperatives, but the survey shows that there is too much suspicion for this at Geneva.
- (4) Alternative IV suffers from the same problem as Alternative III since it proposes that a very large segment of land should be under a cooperative.

It was consequently suggested that it would be more feasible to have both individual family farms and group farms, entailing the following:-

- (i) an extension of area for housing.
- (ii) establishing individual family farms to incorporate the

present farms;

- (iii) establishing a cooperative copra factory, a cooperative bay oil industry and a cooperative handicraft industry, involving all the people in the area;
- (iv) a high level of input in management and skills over the next 20 years;
- (v) adequate credit facilities; and
- (vi) explaining to the people what is necessary and finding their responses.

In the general discussion which followed the consultants' proposals were discussed and some further alternatives suggested.

1. The proposals were criticised on the grounds that they did not give enough emphasis to organisation and management. It was asserted that it is easier for Government to mobilise management and credit in Alternative I (Government-operated unit). It was suggested that after 3-4 years of this enterprise some of the other alternatives could be adopted. Alternatives II, III, and IV could not be successful because of the high level of input for management organisation and credit.
2. Another alternative was proposed in order to introduce people to management skills: a company should be formed, owned and operated by the Government with a Board of Directors, consisting of four representatives from the Grand Bay area, three possibly from the Village Council and one from the Village Improvement Committee selected for their acknowledged competence in business and farm management. The Government should produce the necessary capital in the form of equity to be disposed in shares for the workers, who will assume control of the property when they have acquired enough shares. It was maintained that it would be then simple for such a company to obtain credit from the C.D.B. to develop the estate to a stage where it could employ many people.

This alternative, however, was criticised on the grounds that it would take too long (2-3 years) to form a company and that the people were able to manage a huge tract of land.

3. It was suggested that the immediate problem is how to bring the estate under production quickly in order to employ the large number of people at Grand Bay. There were 159 people employed at Geneva when Government acquired the estate and now only 56. It was suggested that Government should bring the estate into immediate production, allowing people to develop tenancies, cooperatives, etc. as they wished.

However, unlike at Melville Hall, where the tenants were put on cultivated land, much of the land at Geneva is undeveloped. It is necessary, therefore, to help the prospective tenant to develop the land. In order to produce good management in the cooperative groups there should also be an adult education officer with a proper programme.

4. It was proposed that lands should be always made available for farmers and that the Government should not sell the land to the first person who offered money for it. One view was that the

Geneva situation might not be so explosive if people had outright ownership of the land. However, if the small farmer has only enough capital for purchase of the land, he will not have enough working capital left for growing crops. It may then be far better to lease the land and thus allow the farmers to accumulate capital.

5. It was noted that although the estate belongs to the Government of Dominica, the Government could not obtain a loan for the long-term development of the estate. The source of such funds was postulated as a major problem since the development of the estate should begin in the near future and substantial investment for all aspects of development is necessary.
6. More than 2.5 acres was claimed to be necessary to make individual leaseholds economically viable. Twelve years ago experts told the Government of Dominica that nothing under five acres would be an economic unit able to sustain and maintain a family. Four years ago the C.D.B. said that the minimum size of holding which they would finance was 20 acres. Since three acres of land does not appear to be sufficient if the traditional system of one crop per year is allowed to continue, it was suggested that short-term crops (like tobacco) should be grown so that there will be three labour intensive crops all year round on the same land.
7. There is more land in the Grand Bay area than in Geneva and the L.M.A. or Government should consider the acquisition of lands other than at Geneva in order to take into account the present man-land ratio and the possibilities for growth. One must be careful, however, not to displace other people from their existing farms.
8. Questions were raised on the cash flows and target incomes calculated in the proposals. A contradiction was alleged in the report which states that the income will remain constant over 11 years but that overhead costs of farm inputs would increase. This increase in costs is not included in the model and thus the projected net annual balance in the four alternatives would be much smaller than projected. It was explained that the budgets assume constant prices. If, however, prices increase over time but the ratio between prices of outputs and inputs remain constant, the target income would grow at the same rate as input and output prices. Thus farmers income would remain the same in *real* terms.
9. It was advised also that the cash flows need further examination. Whereas the consultants decided that \$1,500 per family per year was an adequate target income this is not achieved until the sixth year although the average balance from years 3 to 11 is \$1,500. Thus in Alternative II the income in Year 1 would be only \$50.
10. It was recommended that a sensitivity analysis should be done to determine what would happen if price ratios changed. Also, that a cash flow for the Government should be done. This could be assessed together with the farmers' cash flow in order to gauge the effectiveness of the various alternatives.