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THE ROLE OF SMALLHOLDER FARMING IN RURAL DEVELOPMENT

(Paper presented by Vanuatu)

INTRODUCTION

1. Analysing this subject in the Pacific region is arguably far more important than in other areas of the developing world, for rural development is frequently synonymous with national development. In the absence of an urban-industrial sector, policies for rural development are crucial to national development efforts. As far as this paper is concerned, 'rural development' follows the World Bank definition (for good or ill) where it is seen as being "concerned with the modernisation and monetisation of rural society, and with its transition from traditional isolation to integration with the national economy" (IBRD, 1975).

2. The crucial issue is whether or not the rural sector can generate the dynamism to become the main leading sector within the economy. Opinions on this amongst economists and planners are divided. What is clear however, is that the debate takes on rather more important implications in the South Pacific.

THE HISTORICAL BACKGROUND

3. Recent years have seen a tremendous change in attitudes towards and about smallholder farming. Historically, it had been considered to be haphazard, mainly because the observers and writers were from Western Europe where the farming landscape is so totally different, and because it was so different to the concept of "good farming" then taught in the colleges of agriculture in the metropolitan countries. Thus a British observer in the mid 1960's commenting on coconut tree cultivation by smallholder farmers in Vanuatu felt that the "irregular planting, bad spacing, and often divided and irresponsible ownership" meant that "sound plantation management" - in the Western sense of the word - was very difficult

(Wilson, p. 22). However, this contradicted the author's earlier statements in which he pointed out that such a practice would

- (a) yield no less copra than the nearby coconut plantations;
- (b) restrict the amount of sunlight thus keeping down weeds; and
- (c) reduce the amount of evaporation so that the soil retained much more of its moisture.

What the author did not also point out is that the "objective function" of the smallholder is undoubtedly very different to that of the plantation manager - the former is, among other things, seeking to maximise returns (in the widest sense) to his and his family's labour, the latter on the other hand, attempts to maximise returns to land and/or capital employed. This crucial distinction explains much of the difference between the two major modes of production prevailing in the Pacific, and must be borne in mind in discussing any proposals for the development of smallholder farming.

THE MAN - NATURE ENVIRONMENT

4. Now we know better; studies have produced information which reveals that smallholders are rational and efficient operators. However many qualified observers, - and not only those from the West (Sevele p3) - administrators and politicians still have their doubts, seeing the smallholders as lacking initiative, being resistant to change and maintaining a dogged defence of a backward way of life. We also know that smallholder farmers operate under very different personal circumstances from the larger plantation farmers - and they have very different priorities and value systems. For example, because of the commonly low levels of production and the limited physical and financial infrastructures in most rural areas in the Pacific, food supply and risk play a large part in their decision making. Smallholders tend to be risk - averse and hence only change their methods and crops in small steps, thus minimising uncertainties and risks of capital loss.

5. For this reason much of the agricultural research carried out, supposedly for the benefit of smallholders, has in fact been highly irrelevant to their needs, has not been adopted and has thus involved a considerable waste of both funds and time. Inappropriate research often resulted in 'improved' technology being offered to smallholders which was useless, and sometimes positively detrimental.

6. In order to be effective, agricultural research (and the development programmes which flow from it) needs to better satisfy the smallholders' needs and priorities and be designed in such a manner that it meets their land, labour and capital resources and is within the acceptable bounds of risk. Thus we find that smallholder agricultural research programme now seek, as their first objective,

to understand the actor - the small farmer - whom the research is intended to benefit; and we are now at last close to seeing the universal adoption of the approach promoted by Hill (p 28) more than 20 years ago; namely that "we must study the farmer, not patronize him: we must assume that he knows his business better than we do, unless there is evidence to the contrary". We must know who and what we are trying to develop. Farmers operate farming systems and it is through understanding these that researchers are now seeking a shortcut to understanding the farmers themselves.

THE SMALLHOLDER SECTOR

7. The first priority of smallholder farmers - unlike that of the commercial farmer remains that of providing food for his family, and increasing his cash surpluses is normally subordinated to this basic need. Smallholders have often been misunderstood because of a failure to understand this difference in priorities which consequently leads to management strategies, decisions on resource deployment and technology adoption which are different from those of commercial farmers.

8. Despite this priority of food production by smallholders, attempts to develop "native" agriculture in colonial times concentrated almost exclusively on cash crops, providing export crops destined for the markets of the colonial powers. Research and extension support for food crops was largely neglected and the need for considerable work in this area has been realised in recent years as the quantity and value of food imports has risen rapidly, consuming an increasing proportion of export revenues in most Pacific nations. It is surely naive to expect smallholder farming to provide the base for national development activities until the food needs of the smallholders themselves have been assured. The belated realisation of this point has led to a recent spate of root crops' projects and food security proposals. But, perhaps not surprising given the historical legacy, these are not considered by aid donors to be as suitable for funding as are cash crop development projects.

9. We must always remember too that in the Pacific - unlike perhaps other parts of the so-called Third World - the smallholder farmer is part of a society whose social and cultural organisation means that economic choices are governed by a "system of cultural exchanges and presentations" (J. Bonnemaïson p 25), thus the link "between agricultural structure and cultural foundation is one of the essential characteristics of the Melanesian systems" of agriculture. Consequently, we find that progressive capacities are mixing, and constantly coming into conflict, with very rigid barriers to the development of smallholder farming. The constraints of "custom" on the work of extension officers in Vanuatu is well-known and means that the agriculture themselves must acquire a fundamental knowledge of the physical, economic and cultural milieu in which they are working before they can hope to be in a position to guide smallholder farmers towards more appropriate and more productive agricultural practices. It also means that the overall development of smallholder farming

will be slow - there will be exceptions, but for the most part there can be no revolutionary change in agricultural practices in the Pacific - a point which politicians and development planners often overlook when they point to the development of the rural sector as providing the basis and stimulus for the development of the rest of the economy.

10. This does not, however, mean that the smallholder sector is without its own dynamism and has not been the leading sector in much of the agricultural development which has taken place in the Pacific since World War II.

Etherington and Carrad (p 5) have described the high average annual growth rates of smallholder copra production in the Solomon Islands during the past 40 years, as part of their general thesis that there is, and will continue to be, a gradual evolution of smallholder farming from semi-subsistence towards an increasingly commercial mode of production.

11. A similar picture is presented by smallholder copra production in Vanuatu, where in 1960 "rather more than half" of the exports came from the smallholder sector. By 1971 this had risen to 59 per cent and by 1981 to 68 per cent; between 1971 and 1981 there was an average annual increase in copra production of approximately 4.5 per cent and smallholder copra production per head is estimated to be the highest in the Pacific.

12. A similar dynamism in the smallholder farming sector is shown in the data for cocoa production; in 1969, production was about equally divided between European-owned plantations and smallholders. By 1981 the smallholder sector was providing 70 per cent of the total and production from this sector was increasing at approximately 3 per cent per annum.

13. Indeed this dynamism in the smallholder sector has prompted one writer to state that "The efficiency of peasant producers in using resources contrasts sharply with the inefficiency of government institutions in providing those resources" (Williams p. 40).

14. By focussing development programmes on smallholder farmers (as Vanuatu has proposed for her First Development Plan period, 1982 - 86), governments are not only seeking to increase the overall wealth of the country, but are specifically planning for the fruits of development activity to be distributed as widely as possible throughout their populations and through all regions in their countries. The lesson has been learnt that public policies which promote the exploitation of the countryside for the development of the urban economy and urban amenities tend to shift opportunities out of the rural sector and into the urban sector. In many countries this has resulted in the underdevelopment of the rural areas and their smallholder farmers for the benefit of the urban elite, thus causing a short-circuit in the development process.

15. In choosing smallholder farmers as the key to rural development, governments are either explicitly or implicitly planning

for the transfer of a portion of "the surplus" earned by the farmers into other sectors of the economy.

16. However, the outlook for the generation of surpluses from this sector is bleak in spite of the present boom in prices of several of Vanuatu's principal export crops (July 1983, copra = \$635.00/tonne; cocoa = \$2,300/tonne.) The terms of trade of copra producers in Vanuatu have steadily worsened since the Second World War. The commodity price projections issued by the World Bank indicate only a slight increase in the real price of copra (\$424 to \$495 per tonne) and coffee (\$2,870 to \$3,150 per tonne) to 1995, and a decrease in the 'real' value of cocoa during the same period (\$2,020 to \$1,730 per tonne), while the real price of beef is forecast to remain virtually constant (\$2,570 per tonne in 1983 and \$2,600 in 1990).

17. On the other hand, however, one should treat such forecasts with caution as they have been notoriously inaccurate in the past. More importantly, recent history has shown us that those countries which have concentrated on agricultural exports, contrary to common belief, have been far more successful in the longer run than those which have turned their backs on international trade.

CONCLUSION

18. Obviously no fundamental conclusion can be drawn from such a brief survey of some of the issues involved. What is clear, however, is that in many countries, the smallholder sector has been rejected as a leading-sector without really having been given a chance. Even within the Pacific, some countries appear to have more readily adopted corporate scales of farming. Such an approach has been expressly rejected by Vanuatu. The dominant economic and social patterns of Vanuatu are all based on and around smallholder farming; the agricultural policies adopted are designed to build on this and strengthen it, not break it down.

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