

THE ROLE OF GOVERNMENT IN AGRICULTURAL DEVELOPMENT
WITH REFERENCE TO ST. VINCENT.

by

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This paper attempts to examine agricultural policy in St. Vincent between 1946 and the present time. I do not claim that St. Vincent is a typical under-developed country; it is not, since there is no such country. Rather my reasons for paying attention to St. Vincent is simply that I know it better than anywhere else. Further it is a territory where the whole issue of agricultural development cannot be evaded by saying that the Government has neglected the agricultural sector in favour of industrialisation. In fact the Government has made great efforts to develop Agriculture in St. Vincent.

At the moment Agriculture accounts for 31 per cent. of the Gross Domestic Product, employs 35 per cent. of the working population and provides 60 per cent. of the foreign earnings. In the twenty-year period between 1942 and 1962, the proportion of Gross Domestic Product contributed by Agriculture fell from 41 per cent. to 31 per cent. The main reason for the relative decline of Agriculture was the expansion of Government services. The contribution of this particular sector increased from 12 per cent. to 21 per cent. Between 1946 and 1960 the number of persons engaged solely in Agriculture fell from 11 to 9,000. This change is attributable to several factors; increased employment opportunities in Government service, migration and a rising rate of unemployment. The rate of unemployment is tied up with the rate of migration. 16 per cent. of the labour force in the island can afford to be unemployed since 25 per cent. of household incomes take the form of remittance from abroad. Since the migration outlets have now been considerably reduced and everybody cannot work with the Government then other avenues for development will have to be found. The prospects for industrialisation do not seem very bright since the local market is small - there are only 87,000 people in St. Vincent and it is very difficult to break in to foreign markets. Tourism and/or Agriculture will therefore have to carry the population which is increasing at 4.5 per cent. per annum.

AGRICULTURAL POLICY SINCE 1946.

From the very turn of the century, Governments in St. Vincent have been interested in agricultural development. However, it was only in 1946 with the prospects of obtaining Colonial Development and Welfare Funds did Government in St. Vincent set down on paper a comprehensive policy for the island's agricultural development. In brief the Government proposed to increase agricultural production and to achieve a better distribution of income in the sector. These objectives were to be accomplished by:

1. Land settlements;
2. Expansion of Research and Extension facilities;
3. Marketing Boards;
4. Subsidies to particular industries.

Feeder roads were also to be established but since roads are not constructed solely to develop Agriculture, I shall confine my examination to the four areas enumerated above.

Land Settlements=

The Government's policy on this issue was informed by its earlier experiences. Before 1946, the Government had acquired land and re-distributed it on a freehold basis. No sooner had the land been re-distributed than soil erosion and fragmentation set in and the people were back where they started. In 1946, the Government was determined that these experiences should not be repeated. A new technique was adapted for handling the land reform issue; Government established a land settlement and development board which was empowered to purchase, develop and reorganise estates. While the estates were being developed, the labourers were to share in the profits and after the board had recovered the purchase price of the estates, they were to be handed over to the labourers on a leasehold basis with the board still being responsible for seeing that the former labourers maintain good farming practices. Partly with Colonial Development and Welfare Funds, and partly with loans from Barclay's Bank, the Government has so far purchased three estates. Data available on two. It indicates that the estates have been developed and production on them has gone up some 300 per cent. since they were first acquired by Government. The labourers have enjoyed better living standards than workers on other estates since they get larger bonuses, more housing facilities and more "provision grounds". However it seems that the second part of the scheme has been abandoned. The estates have not been handed over to the labourers. It is feared that

distribution will lead to reduced production. Moreover, a new factor has arisen to complicate the issue. The scheme was instituted at a time when St. Vincent was run mainly by the Queen's representative in the island - the Administrator. But since 1951 power has increasingly been handed over to a Legislative Council, elected on the basis of adult franchise. The workers have become aware that they are the Government and the estates belong to them. This has not led to increased productivity on their part, but rather to the feeling that they can do anything on the estates. The result has been that in recent years, the rate of return on capital employed on these farms has tended to compare unfavourably with that on other estates. Perhaps, if the managers of the estates in the early days had got the idea across to the labourers that this was a socialist enterprise, the present situation might have been different. But apparently they acted as if the estates did not belong to the people, but rather to some private individual named the Government.

Research and Extension

The Government spends about three hundred thousand dollars per annum, approximately 6 per cent of the annual budget on the Department responsible for these activities. According to the 1946 policy statement, the Department was expected to be responsible for several types of programmes, but primarily soil conservation and the introduction of new crops and new techniques.

/to In an island where the major portion of the land has been classified as being subject to some form of erosion, soil conservation is obviously of enormous importance. Yet the private sector left/itself does not readily undertake conservation measures. First there is little incentive to do so since in this land hungry community land prices bear little relation to land capability. In the second place, the people who often own the land most subject to erosion, are also the people who can least afford to invest in soil conservation. Consequently, the State realising that land is the most important national asset, has undertaken the task. Results of the Department's work in this direction are commendable. Between 1946 and 1960 conservation measures were undertaken which affected over ten thousand acres.

It is when attention is directed to other aspects of the Department's work that the results seem somewhat less impressive. Despite the best efforts of the personnel involved the yields of the crops remain low. Bananas at four tons per acre are about the lowest in the Central American

region and about one third of what it could be. Yields per acre in cotton lint have not changed much over the years, though the view has been expressed that it could be about three times what it is.

Several possible explanations can be advanced for this. The island's heavy dependence on external markets often means that money is spent on research into a particular crop but as soon as the results begin to be effective the market situation causes growers to lose interest in the crop or not to be willing to invest in new techniques.

Then there is the conflict between societal and individual goals. The Department has spent considerable sums trying to develop cocoa production, yet farmers have often preferred to grow bananas. From the point of view of the economy as a whole, cocoa expansion ought to have been emphasised. The economy is and was too heavily dependent on one crop, bananas which account for some 50 per cent. of total exports. Diversification would have reduced the risk and uncertainty inherent in such a situation as far as the society was concerned.

But for the individual, banana production involved less risk and uncertainty than did cocoa. The former crop had a guaranteed market for years ahead and was supported by a prime stabilisation scheme. Cocoa production was attended by no such advantages.

Even when farmers and the Department are interested in the same crop, there is the problem of arousing the farmers' interest in new techniques. The American experience is not very helpful in this respect. Their success has been with University and high school educated farmers. They are yet to devise means of reaching people with a more limited educational background. Few farmers in St. Vincent have attended high schools or Universities.

The problem is aggravated by the difficulty the island experiences in obtaining and retaining the services of trained personnel. Between 1946 and 1960, the Government spent over twenty thousand dollars training people at the present Faculty of Agriculture of the U.W.I., and only one of them is at present in St. Vincent. The intellectual isolation and limited promotional opportunities are sufficient to discourage trained people from remaining in the island.

Marketing Boards

Over 80 per cent. of the island's exports are sold through three marketing boards. The Government's role in

these boards have been, (i) to provide them with monopoly or near monopoly powers; (ii) to supply them with initial capital; (iii) to rescue them in times of financial crisis. The available evidence suggests that these boards more than any other single factor have drawn forth increases in production from farmers.

In the period under review two boards were established. One of them, the Banana Board, illustrates the impact these marketing agencies have tended to have on our production. Prior to the Board's existence five hundred acres were devoted to bananas. Since its establishment the acreage under the crop has increased to over six thousand acres. The contribution of the Board in increasing production apparently lies to the extent in which it reduced uncertainty in an industry which could easily be put into a state of shambles by disease or gale-force winds which are annual occurrences in St. Vincent. Yield uncertainty was reduced by the establishment of a Hurricane Insurance Scheme and fertiliser credit, while price uncertainty was mitigated by the Board's Price Stabilisation Fund. The Board of course could undertake these measures since it had contracted with an international firm to purchase the bananas.

The repercussions of the Board's activities extended far beyond the banana industry. Other agricultural institutions adopted many of the Board's techniques particularly the practice of purchasing fertiliser in bulk and distributing it on a credit basis. Since the Board's establishment, annual imports of fertiliser have doubled. The fact however that yields of bananas, as well as of other crops, remain low, raises the question of how effectively the fertilisers are used. The Board has also experienced difficulty in recovering the cost of the fertiliser from the growers.

Direct Subsidies

Arrowroot

In a community which is heavily dependent on Agriculture the extent to which Government can afford to subsidise this particular sector is severely limited. However there are at least two occasions on which Government has attempted to do so. The arrowroot and sugar industries were the recipients. Arrowroot starch production in St. Vincent is a three-stage process; the rhizome is grown by both peasants and planters; it is then crushed in factories owned mainly by planters and the starch extracted and sold to the Arrowroot Board. The Board then pulverises the starch so as to standardise the product before export. The crop is more or less peculiar to St. Vincent and has accounted

for over 30 per cent. of the island's export since the 1890's. Being peculiar to St. Vincent it follows that factories to crush the rhizome have usually been local contrivances.

It was long suspected that the rate of extraction per pound of rhizome in these factories was low. Yet private entrepreneurs were reluctant to experiment with new factories. Understandably so, since it was not simply a matter of ordering an established product from abroad but literally a process of trial and error. Hence the roll of innovator fell to the Government. In 1955 a German firm was engaged to put down a factory at a cost of some four hundred thousand dollars. The finished product suffered from several defects; the main one seems to have been that the Germans had simply put down a factory suited to their own conditions. The operation of the factory demanded a lot of electricity and little man power. Had it been the other way round, it would have been ideally suited to St. Vincent. So far the factory has not been able to recover costs far less to repay capital expenditure. In this respect it must be considered a subsidy to the industry. Its rate of extraction has been about 40 per cent. higher than the average in the industry. More importantly it has had a great demonstration effect on the industry as a whole. One enterprising planter completely remodelled his factory by selecting the better aspects of the Government's experimental factory. This factory is presently most efficient in the island. Owners of other factories have also adopted some of the practices of the Government's factory, but none as completely as the gentleman mentioned above.

Sugar

Subsidising of the sugar industry has been somewhat less successful. Sugar was produced in St. Vincent up to 1961. Approximately 60 per cent. of the sugar was consumed locally. Pre adult franchise, Government agreed that the industry should be subsidised by way of controlled prices. In the period under review the sugar-consuming public subsidised the industry to the extent of over two hundred dollars. The justification for this was probably the realisation that sugar though not an important earner of foreign exchange, was an important employer of labour.

Apparently the subsidies did not facilitate but rather encouraged inefficiency since the producers were able to enjoy profits without adopting any of the improved practices employed in the neighbouring islands. With the democratisation of the system of Government in the island, trade unions appeared in the industry, and after

a protracted struggle between union and management, the industry was abolished.

Resources normally allocated to sugar were switched to arrowroot production. But the market for the latter commodity cannot be easily expanded in the short run and this industry found itself in severe difficulties. It has been extricated from this position by a loan from the Government.

Conclusion

This rather condensed review has attempted to highlight some of the problems of agricultural development in a small society attempting to practice democracy. Some suggestions for the future are now in order.

Land Settlements and Sugar Factories

If land settlements and a small sugar factory are necessary for the economic development of St. Vincent, then there should be a tri-partite division of powers in these projects: the Government, a private firm and Labour. In the sugar industry if management is shared by the Government and a private firm then there would be several advantages. The Government would be able to ensure that it is not taken for a ride when it agrees to subsidise the industry as it will almost inevitably have to do. Secondly, if the industry is unionised and the trade union leader and leader of Government are one and same person, the Government would always have to be aware of its double functions in the industry. Of course if the Government is not too heavily dependent on the trade unions, it could pass an Industrial Stabilisation Act. The daily running of the factory could be left to the private firm. In the case of the Land Settlements, assuming that subdivision will reduce output and the number of people employed then the Government could sell part of its interest in the estates to a private concern. The private firm would be responsible for operations on the estates and the labourers still be entitled to a share of the profits accruing to the Government.

Research and Extension

The Regional Research Centre of the U.W.I. should be responsible for all the research work in the island, since the University can more easily attract personnel than

a small island could, and the cost of the research shared not only with the R.R.C., but also with other islands interested in that particular problem.

The key problem of how to get new techniques across to farmers could probably be solved to some extent by adopting a system of regional planning. At present, planning for Agriculture in St. Vincent is carried out mainly by visiting experts who usually draw up the Government's plans. Agriculture has never prospered under this system of planning; there is no scope for a two-way flow of communication between the planners and the farmers. A better idea would seem to be the formation of an All-Island Agricultural Society with branches in the various towns and villages. The island's Development Officer, his assistants and extension officers could then meet the farmers at this level and together draw up plans.

At the moment several agricultural organisations attempt to maintain contacts at a village level, but none of them seem to do so successfully. The agricultural society would probably be able to co-ordinate the work of the various organisations involved.

Marketing Boards

These have undoubtedly proved their worth. The question is should there be three such boards. Their present existence is due not so much to a rational division of function, but to the fact that they emerged on the scene at different points in time. Probably at least in the case of two of them, joint action can be taken as regards the purchasing of fertilisers, record keeping and the establishment of overseas agencies. Perhaps now that St. Vincent finds itself often producing more agricultural products than it could sell, then the marketing boards and the Department of Agriculture should work towards discovering some ideal distribution of resources among the crops produced.

Financing

The problem with Government's investments in Agriculture in St. Vincent is not purely one of a shortage of capital as the absence of institutions for mobilising and directing the capital existing in the society towards agricultural development. O'Loughlin has estimated that insurance companies annually export some nine hundred thousand dollars abroad. The amalgamated accounts for

commercial banks in the Windward Islands show that some twenty three million dollars is sent abroad from these islands. Currency in St. Vincent is still backed 100 per cent. by sterling. The Government could probably establish a Bank which could obtain some capital from the above mentioned sources. The Bank above all should co-ordinate all Government's investments in Agriculture. At present there are times when one marketing board is seeking advances from a commercial Bank at the same time that another is making deposits in the same Bank. There are probably some advantages in this system but as has been shown time and again, the continued existence of the marketing boards is based not so much on the reserves they have in the Banks, but on the Government's willingness to assist them in times of crisis. The staff of the Bank could, in cooperation with the University, annually review the state of Agriculture in St. Vincent. It seems to me that there have been no shortage of schemes for agricultural development in the island. What is lacking is frequent evaluation of the projects undertaken by the Government.