Session Six: AGRICULTURE AND DEVELOPMENT

6.1 Objectives

By the end of this lecture, you should be able to:

i. Define agriculture
ii. Describe ways agriculture contributes to development
iii. Distinguish the role of agriculture and industry
iv. Describe the problems faced by the agricultural sector

6.2 Lecture Overview

Agriculture contributes a large proportion of the gross domestic product in many developing countries and it is therefore relatively easier to achieve a higher rate of economic growth by expanding agriculture. Thus, for example, if agriculture contributes 75% of Gross Domestic Product (GDP) and industry constitutes 25% of GDP then it is easier to achieve a target rate of economic growth by expanding agriculture. Agriculture is a more appropriate activity to develop since most developing countries are labour surplus economies. Agriculture, therefore, facilitates a fuller utilization of the resource base and provides greater employment opportunities.

6.3 Definition of agriculture

Agriculture is the art and business of cultivating soil, producing crops and raising livestock.

6.3.1 Ways agriculture contributes to development

In Kenya, agriculture contributes to development in the following ways: -

i. It contributes 35% of the gross domestic product (GDP).
ii. It constitutes 40% of the export earnings.
iii. It is a sector that establishes the industrialization framework through supplying raw materials for industries.
iv. It generates foreign currency through the export process of agricultural products.

v. It creates a source of employment to the population through farming, business and research activities, therefore raising the standard of living of individuals.

vi. The purchasing power of the population is improved through income generation, hence creating a market for industrial products.

vii. Agriculture in itself is a market for industrial goods, such as machinery, equipment and fertilizers used in the farming process.

viii. Agriculture ensures a constant food supply and food security for the population. This ensures that the workforce is fed with energy to supply labour to industries and other economic sectors.

ix. It also saves the country funds that would have rather been used in the importing of food from other countries. This in turn has a positive effect on the country's balance of payments, and there is surplus money to invest in other areas of the economy, such as social overheads, roads, hospitals, etc.

x. It contributes towards rural-urban balancing through the creation of employment in the rural areas, and discourages rural to urban migration, and thus helps in the better distribution of incomes and balanced use of social amenities. Through all this multiplier effect, agriculture is perceived to be an engine of economic growth and development.

6.4 Problems faced by the agricultural sector in developing countries

i. Agricultural products are subject to frequent price fluctuations, which in turn lead to fluctuations in farmers' income.

ii. Agricultural products are subject to long run declining terms of trade compared to manufactured goods. The impact of this factor is worsened since developing countries mainly export agricultural products and import highly priced manufactured goods

iii. Developing countries usually depend on the export of one

iv. or two main agricultural products, which make their economies particularly vulnerable to changes in international economic conditions.

v. The agricultural sector is particularly subject to the law of diminishing returns especially in developing countries where population pressure on land is high leading to dis- guised unemployment.

vi. Agricultural products from developing countries are faced by protectionist barriers such as tariffs from developed country markets., developed countries seek to achieve self- sufficiency in food production and to protect the employment of their farmers. Such protectionist measures limit the growth of agricultural exports in developing countries and the potential that such benefits would provide.

vii. Many farmers in developing countries still use inefficient traditional methods of production such as land fragmentation, which severely limits increase in productivity in agricultural sector.

viii. Marketing channels for agricultural products in many developing countries are inefficient and inadequate. Many products are marketed by marketing boards, which are often plagued by managerial problems, corruption and in- adequate finances to effectively exercise their functions.

ix. Many farmers in developing countries are subsistence farmers and lack the necessary capital and resources to effectively implement modern agricultural development such as the use of mechanized agriculture.

6.5 Policies to improve agricultural sector

i. Use of buffer stocks and buffer funds where necessary in order to stabilize agricultural prices and incomes.

ii. To deal with declining terms of trade developing countries should diversity their economies by improving their industrial base and move into non-traditional lines in agriculture, such as, horticulture.

iii. The use of more efficient methods of production should be encouraged by educating farmers through extension services. Extension services will ensure that the results of agricultural research reach many farmers.

iv. Credit facilities should be provided to farmers in terms of soft loans to enable them to purchase needed capital inputs. Micro-finance institutions can play a valuable role in this regard in developing countries, as a co-operative.

v. A more liberalized system should be introduced where the private sector plays a role in production, marketing and processing. This will help to overcome the inefficiencies that have been associated with marketing boards in developing countries.

vi. Research facilities should be developed to increase crop output and improve crop quality. Agricultural research.

vii. Where funds are available, marginal lands should be irri- gated in order to reduce pressure on fertile land and to deal the operation of the law of diminishing returns.

viii. Markets should be diversified to non-traditional markets and by regional integration efforts. Kenyan exports have, for example, been concentrated in the markets of the European Union and the East African region.

ix. Prompt payments to farmers should be facilitated since the delay of farmers' payments by the government is major disincentive to agricultural production.

6.6 Summary

In summary, the lecture aimed at enabling the learner to understand global issues affecting development. It also aimed at defining agriculture and expounding on ways agriculture contributes to development

6.7 Self-Assessment Questions

1.Briefly explain the role that the sector plays in the economic development of a country.
2 Discuss the various ways of booting agriculture to enhance development

6.8 Further Reading

Byrd, M. & Edwards, S. (2014). Leadership Development Studies: A Humanities Approach. (5th Ed.). Plymouth, USA: Hayden-Mc Publishing. ISBN-13: 978-0738066042.

Spear, J. & Williams, P. D. (2012). Security and Development in Global Politics: A critical Comparison. Washington, DC: Georgetown University Press. ISBN-13: 978-1589018860.

Desai, V. & Potter, R. (2014). The Companion to Development Studies. (3rd Ed.). London: Routledge. ISBN-13:978-1444167245.