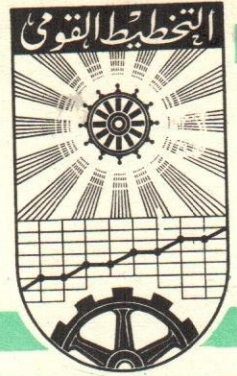


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Problems Of Determining The Role Of
Agriculture In The Development
Of National Economy And Society

By

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1. Problems of Determining the Role of Agriculture in the Development of National Economy and Society.

1.1 General Problems

A host of studies and opinions have been written on the problems of determining the role of agriculture in the advance of national economy and society since the development of capitalism began. It is interesting that during the last thirty to twenty years when in the advanced countries there has been a wide application of science and technology in industry, when it could be expected that the questions of agricultural production would recede before the solution of conditions of expansion of the scientific technical revolution in industry, we see just the contrary.

Where does this increased theoretical and practical interest in analysing the role of agriculture in economic development come from? There are two possible motives for it: either it comes from the divided theoretical opinions about the role of agriculture in the progress of a modern industrially advanced society, or, from the interest of the world's population in securing the natural existence of human society and nutrition.

In the opinion of a certain group of theoreticians (for instance, also of the predominant majority of advocates of the Keynes theory) a considerable under-estimation of the role of agriculture is noticeable. These theoreticians maintain, that from the view of long-term advance of society the role and importance of agriculture is irrelevant, and from the view of development negligible. They maintain that the long term advance of society is inseparably connected with the continual improvement of engineering, with the development of chemistry in production and revolutionary changes in industrial production. On the other hand, in agriculture the same goods have been produced for thousands of years, by approximately the same technology, and in dependence on permanent and changeable natural

conditions. And from this view "traditional agricultural production" cannot substantially influence the economic and social process, despite increasing experiments (with regard to the volume of agricultural production) in producing proteins from microbiological algae or through hydroponic production.

The other group of theoreticians, however, quite rightly draw attention to the fact that despite all the progress made by science and technology agricultural production was, and will remain, for a long time, the basis of the natural biological existence of mankind on earth. Mankind is not yet able to preserve agricultural products for personal consumption in an adequate manner not to speak of manufacture by synthetic foodstuffs optimal composition of all nutritive factors. From this aspect, rightly in my opinion they stress the priority of agriculture in comparison with other branches of the national economy. These theoreticians point at the decisive role of agriculture for the advance of society in the past, when the rise of labour productivity in agriculture enabled the release of workers for crafts and industrial production, while the level of nutrition of the whole population rose. In industrially advanced states the expansion of agriculture is and will be the condition for and intensive development of the national economy, the expansion of the reproduction of labour power and the living standard of the working people.

These contradictory opinions about the role of agriculture in the economic advance of society were spread among Marxist as well as non-Marxists economists. To a considerable extent the evaluation of the role of agriculture survived with marxist theorists which was so typical between the two world wars, when Marx's theses about the lag of agriculture behind industry were given simplified explanations on the basis of intensification of the difference in the organic composition of capital, with a substantial limitation of capital penetrating into agriculture and the existence of the absolute land-rent. Marx's ensuing analysis and thesis stemmed

from the analysis of a certain phase of capitalism. Marx, however, understands the role of agriculture and its relation to industry dynamically in his "Theories on Surplus Value".

"Generally taken it should be admitted that in the pre-capitalist primitive manner of production agriculture was more productive than industry, because here nature participates in the work of man like a machine and organism at a period, when in industry the forces of nature were still almost totally substituted by human power (as e. g. in craftsmanship). In a period of rapid capitalist production productivity in industry develops very quickly in comparison with agriculture, though the extension of industry also presumes, that in agriculture considerable changes have already taken place in the relation of the variable and constant capital; that means, it presumes that the mass of the people was driven away from the soil. Productivity of labour increases in both industry and agriculture, but not at the same speed. At a certain stage of development, however, this disproportion must start to diminish, which means, that productivity in agriculture must increase relatively quicker than in industry." Already hundred years ago Marx drew attention to the basic causes, which create conditions for a speedier growth of labour productivity in agriculture compared with industry: a) it is the economic abolition of agricultural small production by capitalist production; b) changing small and medium size farmers into wage-earners, c) concentration of capital in agricultural production, i.e. the concentration of areas, machines, fertilizers to ensure large scale production ... d) advance and application of scientific branches such as chemistry, physiology, and geology and mechanics in agriculture.

Today's interest in investigating the role of agriculture does not stem from a contradiction of views of theory upon the role of agriculture, but from a concrete analysis of the given economic development of the world and various national communities which are at different stages of economic and social development.

From the economic point of view the world is broadly divided into two groups of national communities. Into advanced capitalist and advanced socialist countries and developing countries. In both groups, in which there is a number of transitional types, agriculture has a different role or function.

Disregarding the difference of the social systems (i.e. of advanced capitalist states and advanced socialist states) we see in the advanced countries the following typical functions of agricultural production: a) agriculture ceases or has ceased to be the accumulative source of the advance of industry and society; b) the advance of science, industry and the structure of the enterprises start or make it possible during the technical progress of agricultural primary production, to tie up larger quantities of objectified work, starts to change the organic composition of the capital or the funds, and with it begins a faster growth of agricultural production as a whole and in appropriate composition; c) agricultural primary production in connection with the agrocomplex begins to cover or fully covers the required funds of foodstuff (which can be produced under the given natural conditions) as to quality at falling production costs; d) the productivity of live and social labour starts to increase faster in agricultural large scale primary production than in industry; e) the advanced capitalist states as a whole are becoming exporters and with socialist states as a whole their character of importers begins to disappear gradually. Despite this certain conformity of functions of agriculture in the national economy of the advanced capitalist states and advanced socialist states this is no question of convergence (approximation) of the social development of these qualitatively different social systems.

The developing countries as a whole are not only countries of insufficient economic advance but also countries of hunger, of two-thirds of the world's population. According to FAO calculations, at the present stage, every year 25 - 40 million people are dying directly from hunger or disease caused by malnutrition or

lack of various nutrient factors. So as to maintain the nutrition level of world's population a global increase of agricultural production of about 37 per cent would be necessary by 1980-85, of 68 per cent in the developing countries. To raise nutrition to the low minimum, which in essence means to prevent death from hunger or from disease caused by malnutrition, it will be necessary to increase production by 125% on a global scale (livestock products by 200 per cent). At the same time it will be necessary to make of agriculture also an accumulative resource for the advance of industrial production in the developing countries. The basic task of agriculture in these countries is, therefore, to ensure the food for the population up to the limits of the extreme minimum.

I consider the basic task of agriculture in the world to be to prevent the increase of hunger and gradually to ensure the minimum of nourishment. The reason for renewal of theories about the function and task of agriculture is the division of the world into a world with sufficient food for the working population and a world with not enough food for the working population. The majority of theoreticians have so far taken a passive attitude towards the research of the role of agriculture, or they underrated it, the minority did not. That applies to both non-marxists and marxist theoreticians. In the USSR questions are no longer formulated from which an underrating of the task could be directly deduced. Nevertheless there exist certain theoretical findings and practical actions that damage the advance of agriculture. These are the theses which in the analysis and requirements of industry concerning expansion speak about national economy instead of about industry, or endeavour one-sidedly to include agriculture into this branch. But Lenin, already at the beginning of this century showed that so long as mankind will not synthesize foodstuff, it will be dependent upon biological agriculture with all its natural and economic peculiarities. With the progress of the socialist market, agriculture can be turned into a "buffer sector or branch" through the stagnation or insufficient movement of

... movement of the wholesale prices

in industry and services, and proclaim, at the same time, the theory of the stabilizing function of agriculture. Clarification of the role of agriculture is but the beginning in the development and real role of agriculture in the national economy.

1.2 The role of agriculture in the developing countries

A general aspect of the role of agriculture showed, that its role varies under different social-economic forms and different stages of economic development of the national communities.

A word about the role of agriculture in national economies at the beginning of economic development. Most theoretical works do not acknowledge the decisive role of agriculture in these countries and quite authoritatively state the following demands:

a) to speed up the departure of labour power from agriculture;
b) to ensure redistribution of accumulation in agriculture in favour of expanding industry; c) to quickly transform agricultural small scale production into large scale production. The point at issue are in the first place very long term questions, and their solution only seem to be simple. Countries may have a closed economy (foreign trade plays a supplementary part) or an open economy (foreign trade is a significant source for the realization of national income). In a closed economy only agriculture and productivity of labour in agriculture is the only accumulative source of industrial growth. The increase of labour productivity in agriculture is only possible through the movements within agriculture itself (changes in the structure of production, organisation of labour, cooperation between enterprises, possible concentration of production). Higher labour productivity must also increase the income of the agricultural population and upon this basis develop the market for industrial goods as a condition for the development of industry. In view of this connection it will then be possible to redistribute the accumulation in agriculture in favour of investments in industry for its primary advance. In these complicated economic transformations the minimum amount of food must be ensured for the agricultural

population and farmers at accessible prices, from the aspect of an effective development of industry (the cost of manpower is influenced to a considerable extent by the price of foodstuffs) it is from here that the problematic policy of cheap food sometimes originates.

In an open economy a different process is possible and seemingly more advantageous. The export of some industrial raw material or products manufactured with the participation of foreign capital can be suitably exchanged in foreign trade for foodstuff intended for the urban or industrial population. On the other hand, an increase of labour productivity in agriculture can occur that makes it possible not only to supply the respective population, but to import advantageously engineering investments for agricultural products. Upon the basis of these economic processes the departure of labourers from agriculture, the redistribution of agricultural accumulation into industrial investments and the ensuring of food for the population appears to be easier. But of course, there exist long term crises of the international capitalist division of labour, originating from two fundamental causes:

a) the demand for agricultural products and for a considerable quantity of traditional industrial raw material (in view of the use of chemistry in the national economy and the development of nuclear energy) is quite inflexible, i.e. it rises slower than the production of these goods in developing countries: B) the structure of the developing countries is evolved one-sidedly, because the export of these countries is composed of these very products. For this reason the export of these countries increases slowly and the prices show a declining tendency. Serious problems are therefore occurring also in an open economy because the trend in foreign trade undermines economic expansion.

With the mutual connection of the expansion of agriculture and industry during the expansion of the economics of a country the problem arises of giving priority to the expansion of industry or of agriculture. Here three groups of opinions exist on the

solution of initial expansion of the national economy:

- a) most marxist and non-Marxist theoreticians assume that agriculture can reach a speedy increase of the productivity of social labour and intensity of agricultural production, only by expanding large scale production. Large scale production can be introduced only on the basis of industrial progress and strategic soil improving investments in agriculture. This can be attained only in a later, economically extremely tense, stage, based upon redistribution of accumulation originating from agriculture.
- b) The minority of economists favours a preferential expansion of agriculture. The growth of labour productivity and the intensity of agricultural production must be ensured by changes within the structure of production, by the concentration of production and social economic changes of the structure of agriculture. In this way agriculture will contribute towards ensuring food for the population as well as becoming a source for investments in industry. To begin with industry must be orientated towards personal consumption of the population and production requirements in agriculture. For strategical investments in industry and agriculture economic conditions must be created.
- c) Some economists favour a simultaneous development of industry and agriculture. It should be kept in mind that the assertion of this viewpoint is possible only under exceptionally complicated economics and conditions (e.g. Iraq and Mexico).

Sofar experience from advanced capitalist and socialist states show: a) that up to now industry started to develop on the basis of exploitation of agriculture. Agriculture had to produce a surplus product for the initial development of industry;

b) in capitalist, previously colonial countries (Holland, Belgium, Great Britain, France, the Federal Republic of Germany) the exploitation of their own agriculture was mitigated by ruthless exploitation of the colonies. Consequently the developing countries are today exhausted from the aspect of resources of growth, and they are in a critical situation as regards nutrition for the population.

Agriculture in countries just starting to develop or in a middle of their development has the following fundamental role or is fulfilling the following basic function: a) it ensures coverage of the continuously rising demand for agricultural products; b) it ensures higher export or lower imports of feedstuff for the population of the respective country; c) on the basis of higher labour productivity it creates conditions for the transition of labour power from agriculture to other branches of the national economy; d) it creates conditions for redistribution of the surplus product from agriculture for investments in industry; e) on the basis of higher labour productivity in agriculture it increases the income of the agricultural population which is a significant element in creating and expanding a home market.

The economy of a country must roughly pass through three stages of development, if agriculture is to fulfil the following basic functions: a) to create the prerequisites for fulfilling the roles of agriculture (the question of land ownership, cultural and technical maturity of the agricultural population, making the utmost rational use of the soil and lasting natural conditions through the old original methods; b) to increase agricultural production by way of working intensity and economically used investments. This is a matter of the most a stage tense politically, socially and economically, characterized by the following phenomena: agriculture accounts for the decisive share in the national economy; the need of agricultural products increases very quickly, but the need is considerably restricted by the low purchasing power of the population; there is a great shortage of resources for investment in industry and for decisive soil improvement investment in agriculture; c) the growth of agriculture requires demanding investments of a soil improving character and investments into labour saving mechanisation. The tension between resources and needs is great and labour productivity in industry acquired by the previous exploitation of agriculture starts to be noticeable retroactively in agriculture. It is necessary to create a simulated agricultural market with state intervention.