Vicente Pinilla and Henry Willebald (Eds.)

Agricultural Development in the World Periphery: A Global Economic History Approach

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My grandfather was a South African ostrich farmer. He managed to eke out a living in the hostile semi-desert of the Klein Karoo, enabling all of his seven children to complete school and attain some form of tertiary qualification. None of his children chose to remain on the farm, all (bar one) moving to towns and cities where most took up professions such as teacher or hairdresser. All of his grandchildren now live in cities or big towns.

My grandfather's brother was also an ostrich farmer on the neighbouring farm. His children and grandchildren chose to stay on the family farm, continuing the battle against the barren soil and sporadic rains that has come to characterise the area. Comparing the fortunes of the family who remained on the farm – now struggling for survival – to those who left for the bright lights of the cities – now doing fairly well, even if one of them is a professor of economic history – is a harsh lesson in the promise of agriculture as a source of economic development.

It is against this background that I read *Agricultural Development in the World Periphery*, a book of 507 pages, 18 chapters and 29 authors. The book is an ambitious attempt to cover the structural transformation of agriculture over the nineteenth and twentieth centuries in regions that are typically regarded as developing (except for the inclusion of Australia and New Zealand): three in Africa, thirteen from Asia and one chapter on the entire Latin America. The length and breadth makes a comprehensive review impossible. Instead, I've opted for a very personal route.

My family's story would support the agro-sceptics, as defined by Martin Andersson and Emelie Rohne Till in chapter 2. In their review chapter of the main theoretical contributions that explain agriculture's role in development, they argue that the agro-sceptics are those development experts that *question the idea that agricultural growth is generally efficient in reducing poverty* (p. 30). Think of the Arthur Lewis or Paul Rosenstein-Rodan set of models, in which labour was a valuable yet underutilised resource that could be reallocated to the modern sector for the capital formation necessary for industrialisation. That theory fits the story of my father's side of the family.

It is not only a historical phenomenon. Urbanisation is now the most successful poverty-alleviating strategy in South Africa, as a recent Human Sciences Research Council study shows. Black South Africans who move from impoverished peasant farms to the cities, even if they end up living in tiny shacks in sprawling townships on the periphery of Johannesburg or Cape Town, are more likely to be socially mobile and escape poverty than their counterparts who remain in the rural areas.

Yet it is not that simple. One of my grandfather's sons (my uncle) decided that even though he did not want to be an ostrich farmer, he wanted to remain in agriculture. After leaving school, he went to work on a fruit farm closer to Cape Town. In contrast to what has happened to the ostrich industry, the fruit farm my uncle now manages has done exceptionally well. They have invested heavily in state-of-the-art technology, automating much of the harvesting process. They have expanded, buying up neighbouring farms and investing in warehousing and transport. The farm is now an industrial enterprise, producing tomatoes and apricots and berries for both the national and international market, and its owners are multi-millionaires. Clearly, this is a case that would support the agro-proponents, as Andersson and Rohne Till would call those who argue that *agriculture plays a crucial role for both aggregate and pro-poor growth* (p. 30).

Which one of these stories holds true is, ultimately, the purpose of this book. The African case studies, perhaps predictably, are largely pessimistic. One example is provided by Christer Gunnarsson (chapter 5) who, in writing about Ghanaian cocoa production, draws on Hla Myint's version of the vent-for-surplus theory. He argues that while the arrival of cash crops in Ghana were initially complementary to subsistence farming, its success hinged on specialisation.

One could assume that only the more successful and prosperous farmers, encouraged by their previous success, would decide to devote more of their time and efforts to specialised cash-crop export production. They acquire more land, by purchase or lease, they hire labour from outside the family, and they start buying food at the market. Their farms are likely to be bigger while at the other end of the spectrum the number of dependent small farmers would be increasing. Inequality would thereby surge (p. 137).

Yet this process never did allow Ghana to experience the structural transformation that Asian economies, for example.

Given the level of prosperity attained in the boom periods, one would not expect Ghana to have had worse preconditions for *structural change than a comparable economy like Malaysia. The economy was initially clearly unimodal in character, that is, land was fairly evenly distributed and possession of land appears not to have been a major source of political authority* (p. 147).

Today, more than fifty years after independence, its level of industrialisation remains low and the country is *as dependent as ever on primary commodity exports* (p. 147).

This result is, as Gunnarsson suggests, the disappearance of small farms. In some ways this is already happening; *the average cocoa farmer is ageing and the younger and more educated generation prefers living in urban and globalised environments to tilling the land of their ancestors*. The alternative is to *go for large-scale mechanisation of mega-sized farms*, but this is *a risky enterprise and it is not evident that it would be the best strategy for achieving macro-economic structural change*. In fact, large-scale agriculture received strong state support earlier in the century, with limited success. Gunnarsson thus recommends *a strategy supporting the medium-sized specialised farms*, although such a strategy, he concludes pessimistically, *remains to be seen. This is regrettable since, as suggested by historical evidence, it is often the safest way to incentivise macro-economic structural change by means of agricultural growth* (p. 146).

Ellen Hillbom and Samuel Jenkin (chapter 6) are equally pessimistic about agriculture in Zambia, the second African country examined in the book, as a catalyst for growth. They develop an analytical framework that rests on three pillars: 1) the natural resources available and its location within the country; 2) the political and economic institutions within which policy-making is embedded; and 3) the agency of government officials, and commercial and subsistence farmers. The unique combination of minerals, notably copper, and its location relative to the most fertile regions have resulted in an alliance between commercial maize farmers producing almost exclusively for the mines and the urban population. Maize, they conclude, has become a *social contract crop*, with the result that *agricultural policies have distorted opportunities for widespread agricultural diversification, creating instead a dual agricultural sector* (p. 173).

As in Ghana, the state played an important role in shaping these outcomes, supporting commercial farmers in the interests of mining and against the interests of the broader economy:

While we have seen a century of political and financial efforts being invested in encouraging agricultural growth, the fundamental role of the agricultural sector has throughout our period of investigation been to service the mining areas and growing urban population. With the government's consistent dependency on copper export revenues, Zambia remains caught in a reliance on two interdependent primary sectors, neither of which is dynamic enough to drive a structural transform process (p. 173).

Jan C. Greyling, Nick Vink and Emily van der Merwe, writing on South Africa (chapter 7), also expose the interplay between the mining and agricultural sectors, and the political economy that ultimately helped transform the agricultural sector into a successful export sector. With the discovery of gold in the South African interior in the late nineteenth century, much like for copper in Zambia, an alliance of maize and gold was established, lasting for several decades before it disintegrated. Using an analytical framework that includes both large-scale and subsistence white farmers, black farmers, black and white mine labourers, mine owners and the state, they describe the evolution of political tensions that stemmed *from the converging and diverging interests* (p. 179) of the mining and agricultural sectors. This dynamism is important, as it signals a shift away from what seems to be a static dichotomy between commercial and subsistence farmers, or between inward-looking versus export-led growth. The mineral revolution in South Africa, and the sudden large external market, *kick-started commercial farming through increased productivity and eventually an expansion to food exports* (p. 198). This gave farmers more political power, which disrupted the alliance between maize and gold, shifting state support to the agricultural sector. What may appear to be an agro-positive story is, in fact, more a case of artificial support for a politically-connected elite that came at the cost of both black labour on the mines (who would have benefited from lower prices of food, and thus higher real wages) and black farmers (who were displaced or dispossessed of markets).

Of course, *Agricultural Transformation in the World Periphery* is not only a book about African agriculture. Most developing countries continue to regulate the sector or provide substantial state support. In chapter 9, Anne Booth writes that *economists continue to debate the extent and impact of interventions in markets for food and other agricultural commodities across Southeast Asia including Vietnam, Laos and Cambodia, where market reforms were introduced more recently and have had a considerable impact on output and yields of a range of agricultural commodities, including rice, coffee, rubber, sugar and pig meat. That government policies affecting the prices of both agricultural output and inputs have been important in encouraging the adoption of new production technologies is not disputed. But the longer term impact of these policies on both economic growth and equity within and between sectors is often controversial* (p. 247).

What are the government policies that may help? Kym Anderson (chapter 14), using the success of Australia to sustain a thriving agricultural sector, refers to four things: 1) availability of land; 2) significant declines in transport costs for agricultural goods; 3) innovations *both by farmers and via a strong public agricultural R&D system*; and 4) sound macroeconomic policies that avoided the resource curse. Future governments, Anderson concludes,

> *may still occasionally provide some direct assistance to struggling firms in marginal electorates, but much more efficient social safety nets—and, even better, trampolines—are now available to assist the losers from economic growth to adjust to future sectoral trends and shocks* (p. 382).

Which brings me back to my grandfather's ostrich farm. Apart from a boom in ostriches at the end of the nineteenth century, the industry would likely have struggled without the support that the Nationalist Party government of the twentieth century provided. Alternatives without state support were and remain limited, as the poor performance of this regions since the 2000s shows. Had there not been political interference, it is likely that my grandfather would have had to move elsewhere, either to towns or to other districts. Urbanisation may have happened one generation earlier, and the structural transformation of the economy too. Read through this lens, agriculture and the support of the state retarded rather than spurred South Africa's economic development.

But that does not mean South Africa should not have an agricultural sector. Investments in better transport (including air transport) and other infrastructure (including electricity, telecommunications and water), research and development that develop improved crops for a changing climate, and generous but general support for those farmers (and workers in other industries) that fail to adapt to the global market, are key to a productive agricultural sector. On my uncle's fruit farm, access to local and international markets are key to their success, which means they must have access to efficient and reliable transport and communication infrastructure. Their farm is indeed an example of agricultural transformation in the global periphery. The question for many developing countries in a low-productivity spiral, like Ghana and Zambia, remains: how do we break the political alliances that prevent this kind of transformation from happening?

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Tariq Omar Ali
A Local History of Global Capital: Jute and Peasant Life in The Bengal Delta
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Jute sacks contained the commodities of world trade from the mid-nineteenth to the mid-twentieth centuries. As the world trade expanded, the demand for this fibre increased manifold. Within a few decades the Bengal delta had become the world's biggest jute producer, as the acreage increased from *ca*. 50.000 acres in the middle of the century to *ca*. four million acres in 1906 (p. 21).

In *A Local History of Global Capital* Tariq Omar Ali shows how this fibre had not only shaped the economic lives of thousands of peasant households, but also had been a central feature of political discourses in the region for over a century. The book is much more than just the history of jute in the Bengal delta. Through seven chapters (plus introduction and conclusion) Ali explores the economic, social and