

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

The role of agriculture in early economic development

The key characteristic that distinguishes food from the production of other items is its importance for life. Without access to food, human life cannot be sustained, and other products cannot be produced.

While not wanting to push the imagery too far, it is clear that although we can have some level of agricultural production without industrial production, we cannot have industrial production in the absence of the production of food, either by agriculture or hunting and gathering. This is important when we look at the structure of modern industry.

Over the millennia, it has been the surplus production of agriculture that has freed up labor for the production of the wide variety of items that people have enjoyed. Most nations in history have begun by developing and improving on an agricultural economy. In the ancient Near East and elsewhere, it was the ability to produce more food than was required in the production process that led to the systematic development of an irrigated agriculture.

In turn, the surplus production of irrigated agriculture then led to the development of civilizations that produced writing, large walled cities, armies of conquest, and monumental architecture. Without surplus agricultural production, none of that would have been possible. Armies of conquest, in turn, allowed a small group of people to control the agricultural and industrial production of a much larger area. But in every case these empires depended upon the production of a surplus of agricultural commodities. And in each case, without a coherent agricultural policy that managed and directed that surplus production, the spread of ancient civilizations would not have been possible.

Similarly, the US began by developing a robust agricultural economy through a variety of mechanisms including land distribution, the development of a transportation network, the availability of improved public seed varieties from Land Grant colleges and universities, market information, and a patent process that encouraged the development and spread of implements that helped farmers increase their production while reducing the labor required for additional units of production.

As US agriculture increased its ability to bring about surplus production, farmers experienced long periods of low prices. Frustrated with low prices, farmers began to agitate for a change in the direction of agricultural policy that would allow them to be profitable as well as productive. With the New Deal, the US established a set of policies that allowed farmers to become more profitable.

Those policies had consequences for employment. With a more stable farm income, people living in

rural communities were able to establish educational facilities that provided their children with an education comparable to their more urban counterparts. Farmers were able to send their children to college and those children who wanted could afford to remain on the farm, eventually establishing farms of their own.

Rather than being driven off the farm and into urban poverty, US farm children were able to remain on the farm until they were drawn off the farm by higher wages, more benefits, and fewer working hours.

In designing agricultural policy for developing countries with rapidly growing populations and a large number of people who cannot meet their daily need for food, the policy for much of the last 60 years has been to look at the endpoint of agriculture in the global North and try and transplant it in areas that are more like the US of the eighteenth and nineteenth centuries than the twentieth and twenty-first. Ignored is the process that countries throughout history and those of the global North have used to reach their potential.

Over the decades, in many developing countries there has been massive migration from poverty in the countryside to even more concentrated poverty in urban centers. People move voluntarily or are forced to migrate to urban centers in hope of securing jobs that are usually not there. In these parts of the world the strategy of industrial-led development has fallen far short of expectations.

The historical role agriculture has played in the long-term economic development of many countries, including the global North, has been largely ignored or misunderstood. Just as in the case in the US, it takes decades of time or longer and purposeful public policy to transform a country, in which two-thirds or more of its population is rural, into one in which communities can meet the economic and physical need of their residents, their children's educational needs, and the health and social needs of everyone while reducing the use of fossil fuels which release fossil-sourced carbon dioxide and exacerbate the effects of climate change they are already dealing with. The goal may not be to crowd more people into large metropolitan areas, but to make rural areas attractive places in which to live and work.

Economic development begins with agricultural policies designed to make domestic agriculture more productive and profitable, within the economic constraints of the country. When that happens rural consumers will begin to demand the kinds of industrial products and services that have traditionally been located in more urban areas. For most nations industrial development is the endpoint, not the starting point of a sound agricultural policy.

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In addition it is important to recognize that agricultural policy is not a new concept, but has been crucial to the success of civilizations for more than 5 millennia. We remember that as the 1996 Farm Bill was being debated and adopted, many farmers expressed the sentiment that they wanted to “get the government out of agriculture.” We understand that while farmers may be frustrated with one or more elements of a current agricultural policy like WOTUS (Waters of the United States), stable agricultural production would collapse in the absence of a coherent set of agricultural policies. The sustenance for every member of society depends upon it.

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