Chapter 26

TURNING-POINTS IN ECONOMIC DEVELOPMENT AND AGRICULTURAL POLICY

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I. INTRODUCTION

The purpose of this paper is threefold: To show that economic development does not follow a single line of an elegant 'take off', but that there are several turning-points in the main trends of development, many pitfalls of structural changes, and those of policy changes to match.

The second task is to find common denominators which would express some underlying conditions of development in the agriculture of all countries, developed ones and those in the process of development; socialist countries and non-socialist ones. It seems to me that the division of the world into two separate and distinct types of countries is greatly overdone and that the idea of 'one world' in which equal standards should be applied to all human beings, would be more accurate. It would also make it possible to follow the process of development as a continuum. These denominators should be applicable to both socialist and non-socialist countries making it possible to allow international comparisons of both and assess their achievements measured on a comparable basis. We believe that such common measurement is found in counting heads of population, hectares of land and capital investment converted into dollars on the basis of relative prices.

The third purpose — as the main subject of this Conference is to assess the role of agriculture in the process of development — is to measure the relative role of agriculture in a country on a comparative basis, for which purpose percentages were used, taking a country as a whole as 100 per cent.

Conceptual Problems in Agricultural Development

The process of economic development is a complex one during which many of the constituent parts change in the course of time, so that some of them actually reverse their original trends. If this process is enfolded within the global process of growth such changes may easily escape the attention of policy-makers at the right time so that they suddenly find themselves in a situation where policy measures, hitherto quite effective, produce less satisfactory or even adverse results. Such changes in long-term basic trends of development we will call turning-points in economic development.

This is of particular importance in agriculture because of its very complex nature and because the composition of the developmental process is such that some factors operate over long stretches of time and others are of rather short duration.

In this paper we have reduced our observations to three basic factors in agricultural development: labour, land and capital, and have tried to see what the logical consequences for agricultural policy are of turning-points in these three. Changes within these three have not, however, been isolated but have been examined within the framework of the national economy, thus emphasizing the meaning of turning-points for agricultural policy as part of the general economic policy of a country. For analytical purposes these changes have been examined as independent variables.

Since we are trying to study the process on a comparative basis in order to find trends in general developmental policy applicable to very different countries, all in a short paper, the study has necessarily remained on a rather high level of abstraction.

II. LABOUR

As far as labour is concerned a turning-point in agricultural development is reached when the agricultural population stops increasing in absolute figures and begins to decline. Taking into consideration both this point, and the relative importance of total agricultural population in a country, we may divide development into three main stages: one, when the agricultural population increases in absolute terms and decreases relatively; the second when the population rounds the turning-point, i.e. almost stagnates in absolute terms and continues to fall relatively; and the third when the population in agriculture decreases in both absolute and relative terms. All three stages happen under conditions when the total population of the