



Contents lists available at SciVerse ScienceDirect

Economic Systems

journal homepage: www.elsevier.com/locate/ecosys



Agriculture and development: A brief review of the literature

Jean-Jacques Dethier^a, Alexandra Effenberger^{b,*}

^a Development Economics Department, The World Bank, Washington, DC, United States

^b Department of Economics, Brown University, Providence, RI, United States

ARTICLE INFO

Article history:

Received 28 February 2011

Received in revised form 12 September 2011

Accepted 16 September 2011

JEL classification:

O13

Q18

Q01

Q16

E64

Keywords:

Economic development

Agricultural policy

Sustainable development

Rural poverty reduction

Incomes policy and price policy

Agricultural R&D

Technology and extension services

ABSTRACT

After 20 years of neglect by international donors, agriculture is now again in the headlines because high food prices are increasing food insecurity and poverty. In the coming years, it will be essential to increase food productivity and production in developing countries, especially in Sub-Saharan Africa and with smallholders. This, however, requires finding viable solutions to a number of complex technical, institutional, and policy issues, including land markets, research on seeds and inputs, agricultural extension, credit, rural infrastructure, connection to markets, rural non-farm employment, trade policy and food price stabilization. This paper reviews what the economic literature has to say on these topics. It discusses in turn the role played by agriculture in the development process and the interactions between agriculture and other economic sectors, the determinants of the Green Revolution and the foundations of agricultural growth, issues of income diversification by farmers, approaches to rural development, and issues of international trade policy and food security, which have been at the root of the crisis in agricultural commodity volatility in recent years.

© 2012 Elsevier B.V. All rights reserved.

1. Introduction

The agricultural sector continues to play a crucial role for development, especially in low-income countries where the sector is large both in terms of aggregate income and total labor force. Having been a key preoccupation of developing country governments, donors and the international

* Corresponding author. Tel.: +1 401 241 4230.

E-mail addresses: jdethier@worldbank.org (J.-J. Dethier), Alexandra.Effenberger@brown.edu (A. Effenberger).

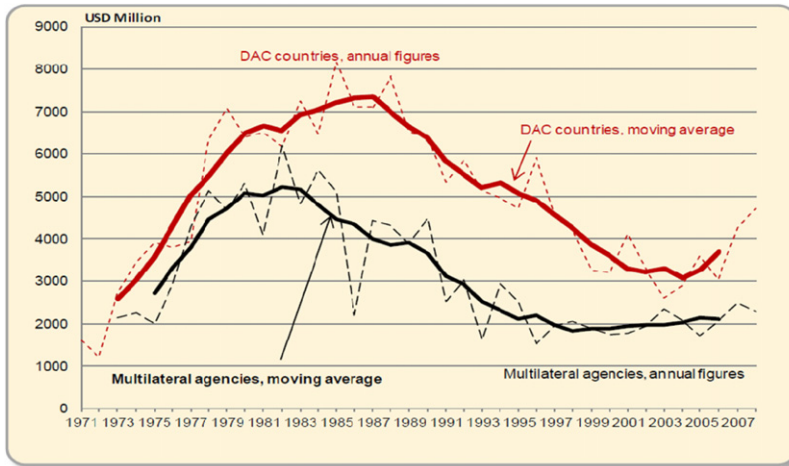


Fig. 1. Trends in aid to agriculture. Aid commitments, 1973–2008, 5-year moving averages and annual figures, constant 2007 prices.

Source: OECD DAC.

community during the 1960s and 1970s, agriculture disappeared from the development agenda in the 1980s and 1990s, only to reappear in the first decade of the 21st century because of neglect and underinvestment (see Fig. 1). There is renewed interest in the problems of the sector—not to a small extent thanks to the *World Development Report 2008, Agriculture for Development* (World Bank, 2007) and *Agriculture at a Crossroads* (IAASTD, 2009), both of which came from global consultative processes of scientists, decision makers and donor agencies.

Donor countries have pledged large sums for investment in agriculture—for example, the G8 countries promised \$22 billion during their meeting in Aquila, Italy in 2009. These pledges were made in the aftermath of three simultaneous global crises—food crisis, climate crisis, and financial crisis—and their aftermath. Food prices have spiked twice in a period of 4 years: the United Nations Food and Agriculture Organization (FAO) food price index peaked in June 2008, then hit another record high in March 2011. Drought, fires, and monsoon floods have destroyed harvests in many countries from Russia to Pakistan. In poor countries, this has led to hunger, worsening food insecurity, and vulnerability to poverty.

There are two challenges related to agriculture. The first is the need to increase food productivity and production in developing countries, especially in Sub-Saharan Africa and with smallholder farmers. To achieve this, a number of problems need to be addressed: property rights, R&D for seeds and inputs, irrigation, fertilizer, agricultural extension, credit, rural infrastructure, storage, and connection to markets. The second problem is the volatility of food prices, often because of events outside the control of poor countries. An interconnected combination of steps could help ensure that the most vulnerable countries and people get the nutrition they need.¹ The modest ambition of this paper is to review the economic literature on agriculture, focusing on the issues that are critical for agricultural productivity and poverty reduction.

In the first section of the paper, we discuss the role played by agriculture in the development process and the interactions between agriculture and other economic sectors. Agriculture contributes to both income growth and poverty reduction in developing countries—by generating income and employment in rural areas and providing food at reasonable prices in urban areas. The sector matters greatly in low-income countries, where about 60 percent of the labor force is employed in agriculture: it accounts for 25 percent of GDP (but only 9 percent in middle-income and 1 percent in high-income countries). Of the 5.5 billion people who live in developing countries, 3 billion live in rural areas.

¹ *Newsweek*, interview with Robert Zoellick, President of the World Bank (January 23, 2011).

Download English Version:

<https://daneshyari.com/en/article/5056506>

Download Persian Version:

<https://daneshyari.com/article/5056506>

[Daneshyari.com](https://daneshyari.com)