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## Strategies for Rural Development

### Results of the FAO World Conference

by Johannes v. Dohnanyi, Rome

**The "World Conference on Agrarian Reform and Rural Development" (WCARRD), which was held from July 12 - 20 at the headquarters of the Food and Agriculture Organization of the United Nations (FAO) in Rome, tried to set up new targets for urgent national and international efforts to overcome the obviously desperate situation of the rural poor in the developing countries. What were the results of the conference?**

During the past twenty years international development aid as well as development strategies of the less developed countries have focussed mainly on industrialization and technical improvement of all economic sectors except agriculture and have paid less attention to the basic needs of the rural population. Despite the enormous financial efforts made by bilateral and multilateral aid agencies, the situation of these people today is even worse than some years ago. The development programmes which tried to improve urban areas and speed up economic growth only spurred the exodus from the countryside and in most cases benefited those already wealthy, widening the gap between the haves and the have-nots.

As President Julius Nyerere of Tanzania said in his address to the delegates to the "World Conference on Agrarian Reform and Rural Development" (WCARRD), the development programmes of the last fifteen years were "a lesson in how not to succeed".

After all, 32 % of the world's population live in advanced countries. This minority consumes 75 % of the world's resources, controls 88 % of the Gross World Product, 80 % of world trade and investment, 93 % of its industry and almost 100 % of its scientific and technological research. Whereas 40 % of present cereals production feed animals to provide protein in the rich countries, nearly one billion people in the countries of the Third World are suffering from hunger and malnutrition. All these figures have been well known for a long time. Now the task of WCARRD was to work out a framework for better aid for the rest of this century. Having been prepared at five regional FAO conferences in 1978, the WCARRD documents showed clearly that the governments of developing countries finally had acknowledged their responsibility for the rural sector in their countries. This is proved by

the objectives listed in the Declaration of Principles and the Programme of Action accepted by the plenary, which cover a wide range of measures to be taken by those governments.

To achieve the goal of closing the gap between the rural rich and poor, equal access to natural resources like water and land is a basic condition. The urgency of land distribution is pointed up by the example of Latin America, where only 2 % of the rural population own 47 % of the land, whereas about 70 % of the peasants only have 2.5 % of arable land. Past land reform experiences made it obvious that mere distribution of land without fundamental changes in laws as well as in social and infrastructural conditions cannot solve the basic problems. Most agrarian development programmes in the past were aimed at production increases rather than benefits for the population. The world community realizes now that the conviction of attaining economic and social prosperity mainly by industrialization and mechanization of large estates was a false doctrine. The results of the "Green Revolution" in the mid-sixties were production increases only on the latifundia on which hardly anything else but exportable agricultural products were grown. At the same time, production of food for the people declined. Mechanization on large estates turned out to be an enormous jobkiller. Many small farmers who had received a piece of land were unable to run their farms without cheap loans, marketing facilities and modern inputs like fertilizers and pesticides – things that were not provided under the agrarian reform programmes. Deeply involved in debt, they had to give up and to sell their land back to the landlords. As a result of those land reforms, landless peasants and farm hands moved from the countryside to towns. Unemployment, lack of social and health facilities and malnutrition are the normal conditions of life in urban areas, while the population is increasing.

This vicious circle shows that there will be no fundamental change for rural areas and the poor inhabitants of developing countries until the political system has changed completely. Changing political patterns mainly means giving people the right to participate in decisions affecting their lives and environment. But participation, in the sense of the Programme of Action, does not mean only the right to set up self-reliant labour unions and other groupings with government support and due regard to their autonomy; it also means the improvement of living and working conditions of women, who not only run the farms in many cases but also rear the children and look after the household. Participation without basic education can hardly work. Therefore school systems have to be established and qualified teachers for primary education and vocational training must be sent to the rural areas. Medical and other social services have to be set up throughout the countries.

### **NIEO High on the Agenda**

Although most delegates of the developing world seemed to have understood that without these internal changes no future development programme could work satisfactorily, they strongly emphasized the importance of the New International Economic Order (NIEO). Without NIEO, they argued, all their efforts would be in vain. So world trade and economic relationships became items of the WCARRD agenda – despite resistance of the Western world. The conduct of the rich countries on international trade issues showed that they had not realized – until the end of the negotiations – that this FAO world conference was not a normal meeting about technical agricultural development aid but – in the history of FAO – the first highly political one which was searching for new strategies for the rest of this century.

As a result of this misunderstanding or of a lack of willingness to deal again – after Manila – with international economic problems at a world conference, the industrialized countries demanded that these items be deleted from the agenda. They were even bold enough to neglect the close connection between international trade and the present conditions of rural economies. Trying to water down the Programme of Action in hand, they provoked opposition from the Group of 77 for the first time at this conference. The speaker of this group of 113 developing countries, Mr. Mends from Ghana, warned of hard confrontation if the industrialized countries continued to refuse negotiations on these items.

Despite some more or less relevant reservations on some paragraphs mainly made by industrialized countries, the assembly recognized the urgent need for a fundamental change of the existing world economic system toward an economic order designed to bring about the equitable participation of the developing countries in world economic activities. On the premise that export trade policies of developing countries are geared more directly to objectives of rural development, the developed states should consider taking action to guarantee better access to international markets and commodities.

Since protectionism is the most frequent reaction to prospering economies in the Third World, the Programme of Action calls for reduction of tariff and non-tariff barriers to the entry of agricultural products into the markets of industrialized countries. And this part of the programme is strengthened by the demand that such liberalization of international trade does not favour again only highly capitalized and highly productive farms of the Third World. Therefore the governments of developing countries should set up financial and technical aid systems supporting mainly the small farmers.

### **Foreign Investment and Aid**

Aware that the major part of international trade in agricultural products, whether raw or processed, lies in the hands of big farmers or transnational corporations, the Programme of Action urges better control of transnationals and foreign investors. Their objectives must not clash with the domestic development policies of the host state. Control of transnationals does not only mean keeping them out of policy-making as far as possible. It also means seeing to it that they fulfil their duty of acting for the benefit of the population of the developing countries. Naturally the industrialized countries could accept this only to some extent because they considered it interference in the free market system. However, delegates from developed countries said they could accept control up to a point, but objected that there were a number of international agencies, such as the World Bank, GATT and UNCTAD, which were dealing with the same matter. This, they argued, was senseless and inefficient and was causing confusion about competences.

International assistance, which was also part of the programme on international relationships, was a matter of dispute once again. Despite several UN resolutions, only the Nordic countries and Holland are now giving 0.7 % or more of their GNP for

development assistance. The Third World insists that the industrialized countries comply with that target of 0.7 %. Referring to rising oil prices and accelerated inflation the rich countries once more refused to set a date for reaching that target.

### **One Step to Eradicating Hunger?**

After reading about the many international conferences during the last few years some people might ask whether all those expensive meetings make any sense. Are they, as Mr. Leorthole, the Agriculture Minister of Lesotho said, a "huge and expensive hoax to hoodwink the masses"? Is there no business like conference business or is it a new kind of mass tourism, well paid by taxes? After all, WCARRD could be one step to eradicating hunger and malnutrition in the world. Even though some delegations tried to stick to the old patterns of international relationships, they could not prevent the world community from starting to think about necessary changes. It seems most important that the countries of the Third World in particular finally realized that development is not only a question of industrialization and mechanization, which have to be financed by rich countries.

By shifting from ambitious industrialization programmes to rural development, the internal policies of most Third World countries obviously start to deal with the basic needs of the population. One exception to this general trend surely is Latin America, where readiness for economic improvement on the basis of social changes hardly exists. In the group of developing countries, it were mostly the states of this region which put forward reservations on the documents before the conference. This behaviour has strengthened the impression that there will be no fundamental changes in this area without revolution. In this sense the agreed Programme of Action could be a powerful tool in the hands of those forces in developing societies which are trying to overcome the old political patterns. At present, this is – in many cases – not a question of ideologies. It is the simple chance for the people of those countries to press their governments to enact the Programme of Action which they accepted in Rome.

If a government wants to carry out agrarian reform and rural development, the Programme of Action is a complete catalogue of measures to be taken. Elaboration of development models in line with different regional conditions has to be the first step. In the past, international aid policies often failed because the people as well as local and national authorities did not take part in their drafting. The administrations,

largely unfamiliar with development strategies, had to accept nearly every proposal made by foreign advisers. In many cases, programmes failed not only for lack of information and education but also because those in charge lacked interest in them. But whatever the reasons, developing countries always could plead lack of knowledge and experience. With respect to the Programme of Action, this excuse is now more difficult. The results of regional FAO conferences in 1978 and the measures proposed in the WCARRD action plan seem to be a useful framework.

Apart from support to ease internal decisions, the results of WCARRD are a tool in the ongoing negotiations on bilateral and multilateral aid to channel funds into rural development and agrarian reform. Rural development so far has not been very attractive for developed or developing countries because of its unprofitability. Research by UN agencies shows that production normally declines after land reform for about five years. Many developing countries are highly dependent on the export of agricultural products. For example, agrarian reform in Peru, which went off to a good start, had to be stopped after the first oil crisis in 1974 because the government feared to lose too much of urgently needed foreign exchange by the drop in exportable agricultural products.

Under the Programme of Action a country could ask for international assistance during such a period of production losses. The international community, which is highly interested in those reforms, would have the duty of ensuring the economic survival of developing countries in the process of change. Last but not least, shifting development policies from industrialization programmes to agrarian reform and rural development for the first time could produce benefits of bilateral and multilateral aid not only for the already wealthy but for the majority of the rural population.

### **Selection of Aid Recipients**

For the countries of the industrialized world, the results of WCARRD have some different aspects. Donors have to realize that development does not only mean a handful of rice a day for some hundred million people somewhere in the Third World. This kind of patronizing gifts which was called "aid" in the past and mostly benefited only a few has produced dozens of discontented societies all over the world. "If we cannot find a solution for the problems in our societies during this conference, there will be only one alternative: revolution", said Mr. Malacela, the Tanzanian Minister of Agriculture.

But it is not only that the industrialized countries have to change their aid policies. Like the developing countries, they, too, now have a framework for their negotiations with the Third World – a framework not only for adjusting their aid policies but also for pointing out deficiencies in measures taken by developing countries. As the Nordic countries pointed out during the preparations for WCARRD, industrialized countries had paid insufficient attention to the political structures of the recipient countries. Although it accepted the principle of non-interference, one of the basic laws of the international community, the Nordic Group referred to the necessity of selecting possible recipients according to their political structures, among other criteria. This group of donor countries held that the principle of non-interference does not mean indiscriminately subsidizing any type of political system whether it acts for the people or against it. Selection should not be tantamount to blackmailing the developing world. But as the Third World legitimately asks for more subsidies to gain its struggle against underdevelopment, it is not only the right but the duty of donors to know what their money is used for. Aid that does not reach the people but only the rulers merely helps perpetuate fossilized power structures.

#### **Adjustment of Trade Policy**

The developed world now sees that development aid often threatens the donors' markets and production rates. Protectionism was the traditional way of defending domestic producers. Although GATT and UNCTAD are dealing with the liberalization of access to international markets, tariff and non-tariff barriers still figure in the political set of instruments of industrialized countries. Protectionism helps to keep developing countries down on their present economic and social level. But as the structure of political power changes and the developing countries, which possess a large part of the world's natural resources are no longer willing to accept this special kind of exploitation, the industrialized countries sooner or later will have to change their attitude. Protectionism will have to give way to policies of adjustment. Thus far, only a few countries seem to have realized that the adjustment of their national economies to the rapidly changing conditions of world trade is a better way to protect their producers. At WCARRD, it were states which have no adjustment strategies at all that denied the connection between rural development and international trade. For some of them it was inconceivable to facilitate the development of the Third World by adjusting their own economies to the upcoming new situation. But while

governments still are keeping to their old-fashioned ways of understanding the world as it was some years ago, some industries have already accepted the change. They realize that growing prosperity in the Third World does not only mean new competitors but also new markets for themselves as a result of growing purchasing power in those countries. The conclusion to be drawn from the Programme of Action therefore is that adjustment strategies have to be adopted in the industrialized countries.

#### **FAO in a Stronger Position**

For FAO, the conference was a success. Its position as the most competent international adviser in all questions of agrarian reform and rural development has been strengthened. It has not received more political power – which is impossible because the organization only carries out the decisions of its member countries and is not entitled to establish new political strategies on its own. Nevertheless, it has been given a framework for directing development programmes and projects toward the new order which came out of the conference. There is no doubt that FAO Director-General Saouma will try to use this position to shift international assistance of UN agencies and bilateral donors into this direction. FAO will monitor the development policies of its member countries on request. On that basis it could be possible for the first time to collect complete data of rural development and agrarian reforms. Collecting data would also facilitate research on new strategies and a faster reaction by FAO and donor countries in critical situations.

No one should expect immediate major changes after the conference. The old patterns of political power will still rule the world. But now that the developing world has proved its ability to accept responsibility for development of the rural sector, it should think about the warnings of the industrialized countries not to change traditional trade systems and international relationships in the absence of a better alternative. The Third World still depends on the rich countries whose development subsidies are mainly geared to their own economic situation.

The fact that development of the rural sector is very closely connected with international trade makes it a duty to carry out the Programme of Action for the industrialized countries. If they go on shirking their responsibility, the world conference will have been nothing but an expensive holiday in Rome for more than thousand delegates.