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Communiqué

30 September 2009

Smallholder agriculture was at the centre of a recent online discussion by the IDS-hosted Future Agricultures Consortium where researchers debated farm scale and the food crisis in light of recent editorials and news stories about land grabs, food prices and the future of smallholder agriculture. The importance of small farming was underscored by a call for rural investment and context-sensitive policy making.

small and big farms

For the time being, small farms are the future of African agriculture; they've done the business in the past, and they can continue to do so in the future.

By Steve Wiggins
ODI Research Fellow and FAC Researcher

Whether the predominantly small farms of Africa can be the basis of agricultural development, or whether their scale is an obstacle, is a perennial question. It crops up regularly for the good reason that as circumstances change, answers that may have previously valid may no longer be so.

Thus it was a useful reminder when one of the most eminent scholars of development, Paul Collier, argued in Foreign Affairs of Nov/Dec 2008 that small-scale farming in Africa was not capable of meeting the challenges of contemporary agricultural development:

'...reluctant peasants are right: their mode of production is ill suited to modern agricultural production, in which scale is helpful. In modern agriculture, technology is fast-evolving, investment is lumpy, the private provision of transportation infrastructure is necessary to counter the lack of its public provision, consumer food fashions are fast-changing and best met by integrated marketing chains, and regulatory standards are rising toward the holy grail of the traceability of produce back to its source....

On our web site

[The Politics of Hunger: How Illusion and Greed Fan the Food Crisis](#)

Paul Collier

[Response to P. Collier's essay](#)

Steve Wiggins

[Contributors to the debate](#)

[E-debate summary report](#)

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[Can the smallholder model deliver poverty reduction and food security for a rapidly growing population in Africa?](#)

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FAC Working Paper No. 08, July 2009

Related material

The Times, April 15, 2008, Paul Collier
[Food shortages: think big](#)

The Financial Times, April 30, 2008, Matin Wolf
[Food crisis is a chance to reform global agriculture](#)

The Chicago Tribune, January 4, 2009, George McGovern and Marshall Matz
[Agriculture's next big challenge](#)

New Scientist, 04 December 2008
Debora Mackenzie
[Rich countries carry out '21st century](#)

‘ Large organizations are better suited to cope with investment, marketing chains, and regulation.

In response to this ***Future Agricultures*** convened a virtual [debate](#). While most contributors thought that small farms were still viable, there were some important qualifications that emerged.

Studies have long shown that, in the early stages of economic and agricultural development, the small scale of farms is no obstacle to growth or conservation of resources. Small farmers do innovate, invest and conserve their soils and water — given the right conditions. Small-scale farming has advantages in the management of household labour that is effectively self-supervising. There are, moreover, reasons to expect smallholder development to be especially effective in reducing poverty; and indeed, for many of the rural poor farming may be a key safety net.

Note, however, the two qualifications. First, ‘given the right conditions’: small-scale farming, or any scale of farming, will find it hard to progress when governments do not invest in rural roads, agricultural research and extension, rural schooling and health care — key public goods for agricultural development. When market failures — above all those of monopoly power and too little information on markets and personal character — are deep and extensive, small farmers cannot get credit, inputs, and strike beneficial deals when marketing their produce. Above all, as the dismal history of agriculture in Africa in the 1970s showed, when farmers are heavily taxed both explicitly as has often applied to export crops, and implicitly through overvalued exchange rates and heavy protection of local industry, there will simply be little incentive to invest and innovate.

Differences in these conditions may explain why there are such large differences seen in the growth of agriculture, almost everywhere dominated by small farms, between similar countries in Africa.

Second, different farm sizes make sense in different economic contexts. For example, when agricultural production is geared towards achieving exacting standards, quantities, timeliness and certification, and when labour costs rise and the relative cost of capital and machinery falls, the advantages of small-scale farming may diminish for some commodities. It is to be expected that increasing numbers of small farm households will gain ever larger shares of their incomes from off-farm activities including migration, while a minority of small farms intensify and commercialise their production, quite probably renting in fields from their neighbours.

In the long run, then, Paul Collier will probably be right that the future will see larger scale units in developing world agriculture. But whether policy-makers should seek to accelerate the process of land concentration is another matter.

Few would disagree that agriculture, above all in Africa, would benefit from greater investment and know-how. Whether that is done by offering large-scale farmers land concessions, or whether it is through forms of contract farming and co-operation that link large firms in the supply chain to small farm suppliers, is a key question. In part this is a question of how to address market failures of information that leave small farms at a disadvantage when commercialising; but in equal or larger part it is also a social and political question about rights and entitlements, and the kind of rural society that people would like.

[land grab'](#)

The Guardian, 22 November 2008, Julian Borger
[Rich countries launch great land grab to safeguard food supply](#)

The Guardian, 22 November 2008, Sue Branford
[Food crisis leading to an unsustainable land grab](#)

The Guardian, 22 November 2008, Article History
[Biggest deals](#)

Financial Times, November 18 2008, Javier Blas
[Land leased to secure crops for South Korea](#)

International Food Policy Research Institute, June 26-29, 2005, Research Workshop
[The Future of Small Farms](#)

International Food Policy Research Institute, May 2007, Vision 2020 Discussion Paper [The future of small farms for poverty reduction and growth](#)

International Food Policy Research Institute, June 2005, Vision 2020 Discussion Paper [The Family Farm in a Globalizing World](#)

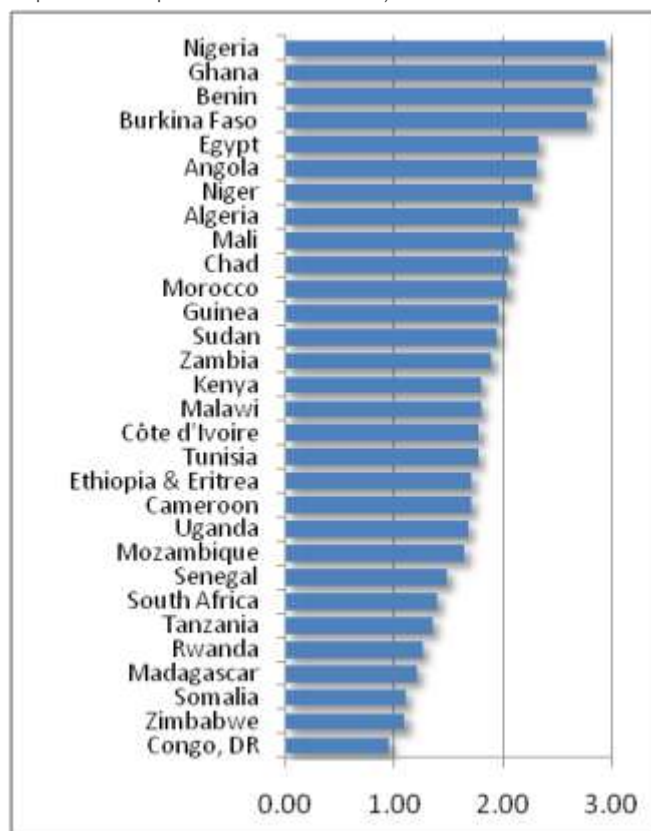
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Figure: Growth of agricultural production in the largest agricultural economies of Africa, 1983/85 to 2003/05

(Source: FAOSTAT Data, agricultural production at constant prices. Simple comparison of output in 1983/85 to 2003/05)



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