"Development experts need greater understanding of the links between agricultural productivity and poverty. They also need to assess just how far they have changed and the extent to which small-scale agriculture can remain a ladder out of poverty" (DfID) Discuss.

1.0 Introduction

The question of how best to alleviate poverty in the twenty-first century is an increasingly complex and central question in development today. Traditionally, agricultural productivity has provided a good route out of poverty for a lot of industrialising countries and as such, the focus on reducing poverty through agricultural reforms has become, to some, an obvious assumption (Timmer 2006). But, with world-wide processes of agricultural transformation, development experts can no longer afford to ignore dynamics of agrarian change. The viability of small-scale agriculture is placed under increasing pressure in this context, but this is not to say that it is now defunct at providing a ladder out of poverty (Lipton 2006). Small-scale farming remains central to agriculture and rural livelihoods in the global South[1]; however, over the last two decades there has been a significant movement of people *away* from subsistence farming into wage labour on large farms, and non-farm activities in rural, peri-urban and urban areas. The logic of small-scale farming, labour markets (see Cramer, Oya & Sender 2008) and class relations (Bernstein 2010) are vital in understanding the dynamics of poverty reduction but due to time and space constraints these issues won't be given their due analysis here.

The world food market is a complex system that sees the very poorest often marginalised while elites benefit from land reforms and subsidies (Borras, Kay & Lahiff 2007:1431). Many have argued that the system is unfair and that poor farmers in developing countries stand no chance against the strong and heavily subsidised agricultural sectors of Western economies. However, small-scale agriculture continues to be resilient – to change, to globalization and the risks of seasonality. Small-scale agriculture continues to contribute (admittedly less and less) heavily to the incomes of the rural poor. Therefore, on the one hand, poverty reduction attempts that look solely at agriculture will potentially, in the long-run, neglect the huge numbers of migrant, informal sector workers and landless labourers who are increasingly disconnected from agriculture. But on the other hand, small-scale agriculture is resilient, often very efficient, and lifts people out of poverty; in that way, this paper will argue that small-scale agriculture is *not* redundant or waning in the 21st century, and will continue to remain a ladder out of poverty for the millions of rural poor, for years to come. Indeed, research shows that in spite of the logic pointing towards large farms, there are growing increases in smallholdings and small-scale farmers (Lipton 2006).

I wish to illustrate the strength of the small-scale agriculture debate whilst also showing that it does not have to be an 'either-or' conflict between large and small-scale agriculture; there are other ladders out of poverty and small-scale agriculture needs to be located in a broader policy package in order for effective and sustainable reductions in poverty to take place, in the short and long term. This paper will first look at what the debated links are between productivity

[1] 70% of the 'dollar poor' are rural, 2/3 of that workforce has its main income source in Agriculture despite the rise of the non-farm rural economy (Ravallion 2001, IFAD 2001).

and poverty and then look at how, through globalization and neoliberalism, these links have changed over time. The main analysis of this paper will focus on the debate around small-scale agriculture and poverty reduction, concluding that small-sale agriculture still remains a ladder out of poverty in developing countries with large populations of rural poor. This paper reiterates the importance of the classic debate in agrarian studies and even though a radically different context exists today than the one of when Chayanov wrote, his questions on agriculture are still widely applicable in today's world (Bernstein 2009). Keeping this in mind, this paper will look at the role of small-scale agriculture in poverty reduction and how this has changed, whilst drawing from and reflecting on the classic arguments put forward by agrarian political economists and neo-populists in the 20th Century.

Processes of de-peasantization (Bryceson 2000) ,de-agrarianization, and changing rural-urban relationships, mean that development experts need to recognize the diversity and heterogeneity found in the rural South, and conceptualise policies aimed at reducing poverty that aren't necessarily based on boosting agricultural productivity alone – it is no 'silver bullet'. After all, some states successfully boosted their agricultural productivity but saw no reduction in poverty because the productivity was targeted at large mechanised and technical farms that did not employ local labour, and profits were not reinvested in the local rural economy (Lipton 2006). Any scholar of development studies and agrarian political economy will acknowledge that policy makers and academics are often too hasty in searching for a single 'silver bullet' to solve world hunger and poverty. As desirable as this may be, reality shows us how complex these situations are and that no one single fix will lead to radical and sustainable reductions in poverty. Furthermore, globalization and capitalism are thriving and are unlikely to be replaced in our lifetimes. Therefore, it is more useful to invest our energy in seeking pro-poor agricultural growth within the capitalist system than to look for alternatives.

2.0 Agricultural Productivity – Poverty linkages

Classic political economy and agrarian political economy links short-term, agricultural productivity with mass reductions in poverty in the world's least developed countries. "*No country has been able to sustain a rapid transition out of poverty without raising productivity in the agricultural sector*" (Timmer 2007:5). Empirically it is proven that those countries most successful at reducing poverty have done so through targeting policies at, and improving, agricultural productivity and growth in the short term. Long term poverty reduction is associated more with economic transformation, and this is followed by a decline in agriculture after initial growth. Efforts to boost agricultural productivity historically resulted in more income and wealth and, through the provision of surplus labour and raw materials, the rapid development of industry and manufacturing (Bernstein 2010, Timmer 2007, Lipton 2006).

The literature largely points towards a positive correlation between increases in agricultural productivity and decreases in poverty reduction (Goswami &Chatterjee 2010). Some might argue that the inverse relationship between agricultural productivity and rates of poverty is consigned to historical case studies; what's to say that currently industrialising countries will necessarily enjoy or pursue the same linkages? Indeed there are some cases of high growth and returns, with few exits from poverty (Prowse & Chimhowu 2007). Furthermore, some countries did not see immediate reductions in poverty in line with increases in productivity, the best example of this being in India whereby poverty wasn't decreased significantly until the 1970s, a good decade after the boosts in productivity experienced through the 'Green Revolution' took place (Sen and Gosh 1993). Productivity increases alone are not

necessarily enough to reduce poverty, and a role for the state emerges in boosting education for example, and providing better extension services to [small-scale] farmers.

The role of the state in providing agricultural services and protecting small-scale farmers has been furiously debated over the years. Historically, the newly independent states of the 1960s, particularly in parts of Africa, pursued the establishment of state marketing boards and layers of protection for small-scale farmers by providing cheaper and better access to inputs and the market (Bernstein 1992). By the 1980s this was viewed as a deeply inefficient system and the way was paved for the rounds of liberalization known as the Washington Consensus. Small-scale agriculture was exposed to the shocks and instability of the market and many were forced to diversify their livelihoods in response (Bernstein 1992). Since then, there has been a resurgence of ideas on the role of the state but in the mainstream it is still viewed as redundant, especially where agricultural policy is concerned. The reality is, though, that the state has a pivotal role to play in determining levels of growth and prosperity. Ha-Joon Chang talks about this and of protecting infant industries; the state is not redundant and development experts need to reassess their understanding of this (Chang 1996).

3.0 Changing contexts

The rapid success of some areas of agriculture and the decreasing returns from agricultural commodities, along with the rapid diversification of rural livelihoods indicate that in the 21st century, rural spaces look different and operate differently to how people understood them to, previously (Rigg 2006:194). Processes of neoliberal globalization have been rapid since the 1980s and this has led to a number of potential threats and opportunities for small-scale agriculture. Firstly, migration to urban centres has increased greatly in line with the industrialisation of countries and cities in rural African states. More and more labour is drawn away from rural and towards urban areas, where people search for a more prosperous livelihood. Secondly, globalization has facilitated the generation of a new consumer-driven environment, with more quality and time regulations forced on growers, and supermarkets exerting high levels of buyer-led control over their value chains (Barrientos et al 2005, Daviron & Gibbon 2002). The increasing pressures on trade and competitive global markets make it harder for small-scale farmers to compete; this is especially true of export crops coming from sub-Saharan Africa. This has led to a rich and growing body of literature over which crops are 'best' for small-scale farmers to grow in terms of poverty reduction, for example crops for export or crops for domestic consumption. Thirdly, and related to the second point, the compression of time and space means that global demand for global goods has soared.

Fourthly, land, labour and food have become increasingly commoditised in the last few decades; processes of capitalism have forced a very rigid perception of all goods as commodities and this has seen an increasing informal sector of temporary workers with insecure employment, for example. Finally, we can see that in recent times our conceptualisation of poverty and the rural economy have changed and continue to do so. For example, a small, self-sufficient farming community in the South Sudan during the 1950s (before they had really been exposed to modern markets), did not experience high levels of what is today defined as 'poverty' (Carr 2004). But the degradation of the environment and the introduction of these farming families to the market have made them much more vulnerable to external shocks. Now, there is a re-emergence of agriculture as a fashionable item on the development agenda (Lipton

2006:61). This, along with diversification of livelihoods and processes of de-peasantization, shows how the backdrop for understanding small-scale agriculture has changed and is today more complex than it was even 30 years ago. Despite this however, small-scale agriculture can still remain a successful strategy for lifting people out of poverty and the original *Chayanovian* debate proves itself to be resilient, just as small-scale farmers are resilient to the ever changing pressures and vulnerabilities pushed onto them.

4.0 The merit of small-scale farming in relation to poverty reduction

In discussing small-scale agriculture it is crucial to define what is meant by such a catch-all term. Definitions are problematic, and locating 'small' and 'large' farmers varies between specific contexts (Rigg 2006, Bernstein 2010). For the purpose of this discussion I am taking small-scale agriculture to refer to petty commodity producers (Barbara Harriss-White 2010), smallholders and outgrowers with access to land of roughly 0.1 hectare. I am not arguing in line with neo-populism and defending the peasantries. Small farm logic is strong and yet there is not much evidence for or against it (Lipton 2006:66), nevertheless, what follows is a [brief] analysis on small-scale agriculture. The main arguments given in support of small-scale agriculture are firstly, that small-scale farmers are more likely to self-exploit and use family labour to get the highest returns on crops; secondly, that small-scale farming is better for the environment due to vested interests in looking after the land; thirdly, that there is an inverse relationship between farm size and yield per hectare; and finally, given the large amount of surplus labour in rural developing countries it is important to realise that small-scale agriculture is much more labour intensive than the more mechanised operations of large-scale farming. That small-scale agriculture uses more labour is not in itself an argument in favour of efficiency, rather one in support of small-scale agriculture providing a ladder out of poverty.

Scholars have argued that despite the increasing costs and difficulties that small-scale farmers face in accessing inputs and markets, the '*case for smallholder development as one of the main ways to reduce poverty … remains compelling*' (Dorward et al 2010:1358). Lipton, the well-known neo-populist, argues that since farmland is the main major asset type for many of the poor, then it is credible that poverty reduction can be achieved through raising returns to farmland (Lipton 2006:62). Lipton and Dorward present consistently compelling arguments in favour of small-scale agriculture whilst recognising the erosion of rural, smallholder livelihoods and taking into account the mounting challenges posed to the rural poor by processes of globalization and liberalization (of trade and markets) .

The case for agricultural-led poverty reduction rests heavily on the '*productive efficiency of small farms*' (Ashley & Maxwell 2001:403). So if small-scale agriculture continues to experience declining terms of trade and marginalisation by large-scale agriculture, and government policy which no longer considers agriculture a 'fashionable' agenda, then the scope for poverty reduction is limited. This highlights therefore, the importance of government intervention in supporting small-scale agriculture. This is, after all, how the EU and America managed to protect their farming industries; it is not unreasonable that other governments might seek to do the same.

What now follows are some (but by no means a comprehensive list) of the arguments offered to counter the 'smallholder efficiency paradigm'. Firstly, is the argument that processes of de-argarianization and de-peasantization have meant that many rural people are now far less connected to agriculture than they used to be (Rigg 2006,

Bryceson 2000 & 2004), thus eroding the idea that big reductions in poverty can be achieved through agriculture and specifically through small-scale farmers. The rural poor are increasingly landless, wage labourers, employed in the Non-Farm Rural Economy (NFRE). To look primarily at small-scale farming is to implement policies that will in fact, only benefit a minority; reductions in poverty will be minimal. Knowing that roughly 60% of rural household incomes are derived from the NFRE (Rigg 2006:184), it is reasonable to argue that, poverty reduction strategies will not work for the poor who are disconnected from agriculture. In addition, there has been a widely accepted assumption that simply because most of the world's poor are located in rural areas, then their livelihoods are necessarily rooted in agriculture. It is important to remember that whilst almost all small-scale farmers suffering from chronic poverty are found in rural areas, that is not to say that those who live in rural areas are necessarily small-scale farmers suffering from chronic poverty (Bernstein 1992, Rigg 2006). This is important because the discussion on reducing poverty focusing on agriculture often neglects to make this crucial distinction. Whilst there is merit in these discussions, these arguments do not put enough emphasis on the role of small-scale farming in reducing poverty for the millions of people still employed in rural agricultural sectors throughout the developing world. Chronic poverty is greatest in remote rural areas and in 2002 the rural share of the 'poor' was greater than 70% in some parts of the developing world (Prowse & Chimhowu 2007). By Rigg's own admission, livelihoods in the '*rural south do in many cases depend on smallholder agricultural production'* (Rigg 2006:181). So whilst the argument in favour of the growing NFRE is relevant and important to understand, it neglects the case of the many small-scale farmers in the world today who do rely on agriculture and would escape from poverty through improved agricultural growth and productivity.

Secondly, lays the argument in favour of the efficacy of medium and large-scale commercial farms in reducing poverty. This argument shows that in the right conditions, wage labour can be a good ladder out of poverty in providing stable employment. Selwyn argues this in the context of the export grape industry in Brazil (Selwyn 2012), and others argue along similar lines; large commercial farms in Kenya dominate exports and the larger firms such as Unilever, pursue vigorous CSR strategies such as providing workers with housing and schooling for employee's children (Barrientos et al 2005, CBI 2005). In Mozambique, a study found that those employed by large, foreign-owned commercial farms had improved job security (Cramer, Oya & Sender 2008:379). In my own work for a Malawian commercial farming enterprise, there was great emphasis on the role of larger farms in providing stable wage employment to local farmers (but also working together with smallholders and outgrowers) who would otherwise be exposed to the risks of seasonality and unstable prices (see appendix 1). However, processes of globalization have facilitated the radical shake-up of global food markets allowing large Trans-National Corporations to dominate. Historically, investment into agriculture was directed at large-scale rather than peasant agriculture and this has led to the release of cheap labour and de-peasantization (Bryceson 2000:306). The most important flaw in these arguments favouring large-scale agriculture is that the stability and security of the livelihoods of wage labourers, is heavily hinged upon the existence of government regulation, tighter labour laws and the presence of unions to represent the weak bargaining power of wage workers (Cramer, Oya & Sender 2008:386). Wage labour on large farms represents a significant means of survival for many of the poorest people and yet this is not '*supported by any coherent policy package… poverty reduction policy needs to actively support the wages and conditions of labour of those who work on such farms*' (Cramer & Pontara 1998:138).

Thirdly, and most convincingly, is the argument that agriculture alone is not enough to reduce poverty regardless of *who* the beneficiary is; farmer, migrant worker, landless peasant. Instead, poverty reduction needs to be holistic in its approach and take into account different factors like the importance of education, economic infrastructure, information provision and so on (Prowse & Chimhowu 2007). Even those academics who acknowledge the importance of small-scale agriculture in poverty reduction will admit that '*whilst agriculture plays a vital role in poverty exits, agriculture growth in itself is not sufficient to reduce chronic poverty*' (Ibid.:2). In an increasingly interlinked and commoditized environment dominated by large TNC retailers, it is important for government policy trying to reduce poverty to look beyond focusing only on agriculture, be it large or small-scale. '*Policies promoting education, health, governance, communications infrastructure and macroeconomic stability, all have an important part to play, and should help to provide necessary conditions for pro-poor agricultural growth*' (Dorward et al 2004:83).

6.0 Conclusion

That more and more people are becoming disconnected from agriculture, along with the effects of rapid out-migration from rural to urban areas, is cause for looking beyond agrarian reform in reducing poverty. This does not and should not mean an abandonment of agriculture in poverty reduction strategies as it is still relevant in the context of small-scale farming, but it will become increasingly less so as processes of de-agrarianization and de-peasantization continue to rapidly progress.

This debate then, is the same debate that Chayanov and Lenin facilitated in the 20th century regarding peasant farming and broader economic growth, particularly with regard to the role of the state in supporting small farm development. Of course, the context is very different today and Chayanov could not possibly have predicted the ways in which peasantries have had their livelihoods eroded (Bernstein 1992, Lipton 2006, Bryceson 2000), or the ways in which global agriculture has become dominated by a few large corporates. Small-scale agriculture can still remain a successful strategy for lifting people out of poverty and the original *Chayanovian* debate proves itself to be resilient, just as small-scale farmers are resilient to the ever changing pressures and vulnerabilities pushed onto them. Small-scale agriculture still matters because it still exists, despite the erosion of peasantries (Bryceson 2000). Empirical evidence varies greatly according to context so as Rigg has done, I have not 'cherry picked' specific case studies and chosen instead to focus on a more general analysis.

Following on from this paper are some general questions going forward. What is the future for agriculture in poverty reduction? Will the current trend of globalization continue or will the 'just in time' buyer-driven value chains give way for an alternative system that values producers as much as processors and consumers? How can small farmers respond adequately to growing agricultural commercialization? Only time and further empirical evidence will provide answers to this, but in the meantime, policy makers and development experts could do worse than to start targeting more efficient policies at small-scale agriculture, policies that take into account holistic livelihoods and wellbeing, not just levels of productivity as a yard stick for poverty reduction.

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