

EMPLOYMENT CREATION IN AGRICULTURE AND LOCAL INDUSTRY IN THE SOUTH PACIFIC

G.N. Bamford
ILO/UNDP Regional Adviser on Rural Vocational Training

The employment of school leavers and out-of-school youth is a common problem to South Pacific countries. In many, increasing population and an expanding education system means a larger number is entering the labour force each year. Thus, almost all Development Plans give high priority to the creation of employment opportunities. This, however, cannot be restricted to the provision of "jobs" in the sense of wage-paid or salaried employment since in many countries opportunities for these types of employment will remain small, catering for as low as ten percent of the labour force. This is the case in Papua New Guinea where it is estimated that over the next ten years 300,000 school leavers from Grades 6-10 will be unable to secure wage-earning employment.

In a number of countries, the educational level of school leavers will also increase dramatically over the next decade as a result of the expansion of opportunities for secondary education. As experience in other parts of the world shows, this can result in the compounding of problems because of the increased expectations for paid employment. Attempts to avoid this situation are being made in several countries, for example, the Gilbert and the Solomon Islands, by providing a form of secondary education more attuned to the economic realities and employment prospects of the future.

In order to provide adequate employment opportunities, all countries are seeking to diversify their economies. It is a fact for many, however, that at least for the foreseeable future, employment for the majority will be in the form of self or family employment; and this, in spite of rapid urbanization, will be principally in the rural sector. Thus, many countries place heavy emphasis on rural development, particularly that of agriculture and related industries.

Pacific Work Patterns

For those permanently employed in the public service, industry and commerce in the Pacific, work patterns will, no doubt, follow those of the economically more developed countries. A 35-40 hour week over five days and continuing for most of the 52 weeks of the year will be the standard.* For the majority, the Pacific way, based on traditional values and patterns of living will continue to have much greater influence on work and employment. As people move from subsistence into the cash economy, changes in work patterns will occur, but a flexibility will remain which enables social and cultural obligations to be met.

* In Niue the Government is considering modifying this standard by moving to a 4-day week for all permanently employed workers to enable them to spend 2 days producing food in their gardens.

The creation of employment opportunities for many school leavers, therefore, does not mean the provision of permanent work in a "Western" sense. The need is for opportunities for young people to engage in productive work on a reasonably regular basis in order to provide an income sufficient to meet their own needs, to enable them to contribute to the family and to make a positive contribution to raising national productivity. In many countries, three to four hours of effective work each day could achieve this. The Fiji Government has realized this fact and, therefore, it aims to create employment in rural areas over the next five years by "introducing a multi-purpose rural youth programme by which a considerable number of school leavers will spend part of each day in productive work in their villages".*

To provide opportunities for even this amount of work will require changes and this paper will now examine those required in agriculture and local industry.

SECTION 1

CHANGES IN AGRICULTURE

In most Pacific countries, agriculture provides the greatest opportunities for expanding employment. Some of the major areas in which changes will be required are as follows:

1. The Development of Stable Markets and Efficient Marketing Systems

Almost all discussions on employment creation in agriculture eventually move to the basic question of marketing. This includes not only buying and selling operations, but also transport, storage, packing and processing, promotional and related activities.

Three major areas in which change is needed are:

- (i) The Stabilization of Prices: This applies particularly to products sold on overseas markets where at present fluctuations in price occur. In recent years this has been dramatically illustrated by copra prices which in March, 1974 reached a peak of \$F579 per ton, but 20 months later had dropped to \$F82 per ton and from which recovery has been very slow. Instruments which can be used to overcome the effects of price fluctuations are:

Price-stabilization schemes by which producers pay levies in times of high prices, these being used to provide a subsidy when prices are low;

Price support by Government subsidy by which copra prices in Fiji are, for example, currently subsidized so that producers receive a minimum return of \$F180 per ton;

Government intervention by which it buys at higher than ruling market prices when these are low, stores the produce and sells when prices have risen;

* Fiji Development Plan 7 - 1976-1980. Para. 4.16.

Consumer subsidies aimed at increasing the demand for a product;

Subsidies on agricultural inputs leading to reduced produce prices and greater demand;

International Agreements with buying countries by which attempts are made to control both production and prices.

The above instruments all have their advantages and disadvantages, and some have already been introduced by Pacific countries. The appropriateness of their introduction, however, will depend on the circumstances of each particular situation so that no overall recommendations for change can be made. With regard to International Agreements, significant achievements have resulted from negotiations between Pacific countries together with those of the Caribbean and Africa, and the European Economic Community. Within the region similar achievements have resulted from the activities of the South Pacific Bureau of Economic Co-operation (SPEC).

(ii) Improved Transport: Pacific countries lie far from many of their major markets. In recent years the escalation of freight rates has greatly increased marketing costs with a resultant decrease in return to the producer. Irregular shipping has increased marketing problems still further by causing deterioration in quality and an inability to deliver produce as required by the buyers. Proposals for a regional shipping line have been examined by SPEC and action on these is likely in the near future.

Internal marketing is also heavily dependent on shipping in many island groups but again irregularity of services and high freight costs present serious problems. On larger islands, roading is equally important. Thus, in most countries continuing Government assistance with the development of efficient transport and communications systems is essential. In some, the development of tourism in recent years has given rise to the feeling that too high a priority has been given to the construction of high-cost highways in resort areas, resulting in inadequate development of transport and related infrastructure in rural areas.

(iii) The Development of Effective Marketing Institutions: These, apart from involvement in buying and selling operations, can have the important function of providing services such as storage, refrigeration, processing and transport. They may be provided by the private sector, by co-operatives or farmers' associations. Increasingly, however, Government intervention is occurring in many countries mainly through the formation of statutory bodies to provide the necessary services. While monopoly situations have inherent dangers, whether private or public, some government intervention in marketing is becoming increasingly necessary.

2. Land Availability and Tenure

The most common problem of agricultural development next to marketing is land. It is also the most emotionally charged and, therefore, difficult to deal with. The main problems are ones of availability, even in countries which appear to have plenty, and of security of tenure. In some, population pressure is already great. This is the case in Tonga where it is estimated that if all unallocated land was sub-divided into 4-acre lots (apis), there would still be

20,000 landless men (that is forty percent of those eligible to receive land) by the year 2000. However, even in Tonga, a basic problem is usage as only twenty percent of arable land is fully utilized. Thus, as in other countries of the region, its greatest need is for measures which will enable land to be transferred to those who are motivated to use it. The most likely means of achieving this, as well as providing security of tenure, will be through the issuing of leases or occupation rights. The former are already used in Fiji and Western Samoa while occupation rights are in use in the Cook Islands, Niue and French Polynesia.

A legal instrument tried in several provinces of Fiji in order to encourage better land utilization, has been a land tax. The enforcement of this has, however, proved to be too difficult so that it has been discontinued in all cases.

New forms of land development have occurred in recent years in a number of countries, and these are likely to expand in the future. The main types are as follows:

(i) Block Development Schemes: These are schemes by which indigenous groups purchase and operate plantations on land alienated in the past. This type of development is occurring in the Solomon Islands where it is enabling former expatriate plantations to revert to local ownership;

(ii) Nucleus Estates: These have been developed in parts of Papua New Guinea (for palm oil and tea production) and in the Solomon Islands (palm oil). Large "nucleus" estates have been established which benefit from the economies of scale while providing processing and technical support services to small-holders who are settled on surrounding land.

(iii) Incorporation Schemes: These enable land-owning units to pool their land resources for the development of large-scale enterprises. This type of scheme has the advantages of centralized management and economies of scale while enabling the people to retain ownership through shareholding in the Corporation. For example, at Uluisaivou in Fiji, over 2,500 landowners from fourteen villages have formed a corporation to develop 100,000 acres of land, mainly for beef production.

These types of schemes, together with others possibly operated by co-operatives or Governments (such as the Western Samoan Trust Estates Corporation), will result in the development of new land and the fuller utilization of existing estates. They, therefore, will contribute to the creation of employment opportunities in rural areas.

Leases, occupation rights, and development schemes, however, may not be of immediate benefit to school leavers. Most young people, for example, will be below the eligible age for a lease, and in any case usually lack the maturity to commit themselves to permanent settlement. While many will work as family labour, there is an increasing need to provide them with opportunities to engage in commercial activities on either an individual or group basis. For this, land will be required although, fortunately, not in large amounts or for long periods. While in some cases there may be a reluctance on the part of land owners to provide it, experience in Fiji has shown an increasing willingness to make such provision and thus allow young people to engage in productive work for either part of each day or at times which fit in with the village work programme.

3. The Availability of Credit

This is an essential factor in agricultural development. Most countries in the region have established Loan Boards, Development Banks or some type of Government-sponsored loan scheme. While these play an important part in assisting adult farmers, they often will not lend to young people. A change required in agriculture, apart from a general extension of credit facilities, is the provision of credit for school leavers and out-of-school youth. One such scheme in the Pacific is the Youth Project Loan Scheme operated by the Fiji National Youth Council. This provides small loans (maximum \$50) to either individuals or groups affiliated with a youth organization for the purpose of developing economic projects. It has given considerable impetus to the involvement of such young people in productive work and has also given valuable experience in the handling of credit as a preparation for larger loans from the usual lending institutions. This type of scheme, however, is heavily dependent on careful field supervision. It has been most effective in YMCA clubs where local rural youth workers have performed this function.

4. Availability of Inputs

Readily available supplies of fertilizer, pesticides, herbicides and veterinary medicines are also important in promoting agricultural development, and thus, employment. Improved roading and shipping contribute greatly to this. However, distances to sources of supply can still be great and, therefore, transport and travel costs high for the villager. In Papua New Guinea a pilot project is underway in which a periodic market system has been established, and this takes services to the people. Known as "Market Raun", this mobile market not only provides rural people with services for selling produce and buying inputs, but also with postal, banking, agricultural extension, adult education and maintenance services, and with entertainment. Though it is too early to evaluate the success of the project, it could have a wider application in other parts of the Pacific.

5. The Development of Appropriate Technologies

In most Pacific countries capital is scarce but labour, is plentiful. The technologies of the more economically developed countries where the reverse is the situation are, therefore, frequently inappropriate. There has too often in the past been a tendency to move directly from the digging stick to the tractor. Development schemes have at times been too production-oriented, resulting in inadequate thought being given to the social implications, particularly the effects on employment. There is, however, a growing awareness of the need to develop more appropriate technologies. This does not mean that there will be no place for the more sophisticated forms imported from the more developed countries. These can be highly appropriate for specific operations. The use of tractors, for example, may be warranted where they enable larger areas of land to be prepared when the timing of such an operation is critical for successful production. More labour intensive methods can be retained for remaining operations so that by the selective use of a sophisticated machine an overall increase in employment can be achieved. There is, however, a great need for the development of forms of mechanization which will increase production and remove the drudgery from many agricultural operations, but at the same time be appropriate to the skills and capital available to the average farmer and to the national employment needs.

It is in Papua New Guinea that the greatest interest in such development is being shown. Already there are plans to establish technology demonstration centres in the different districts while at a national level an appropriate technology foundation has been proposed with clearing house, co-ordinating and research functions.

It is also in Papua New Guinea that rural youth groups have been instrumental in introducing more appropriate technologies at the village level. The Yangpela Didiman Movement of the Lutheran Church, for example, has assisted with the introduction of the water buffalo as a draught animal in Western Highland villages.

6. Training

In the past, agricultural training has usually taken the form of long-term (2 to 3 years) courses for a small number of primary and secondary school leavers. Selection has often been based on academic results, and trainees have been both young and uncommitted to farming as a career. Vocational schools have provided these courses but usually at high cost (\$F600 per trainee per year at Fiji's two main schools in 1975). An added problem has been that few trainees return to farming.

While long term courses will have a place particularly for the training of skilled workers for Government and the private sector, there have been moves in recent years to develop non-formal programmes which are able to reach much greater numbers of rural youth (and adults). Such programmes provide training which is related to specific and immediate needs of trainees, usually by means of short courses in the village itself or at training centres. Thus, they are directed at those who have already demonstrated their commitment to farming rather than those just leaving school. The development of agricultural projects for youth in the village as previously mentioned, provides a means for identifying such trainees.

There is, therefore, need for changes in agricultural training, particularly toward the development of non-formal approaches. Agricultural training, however, must not be given in isolation but rather should be a part of a much broader and co-ordinated programme of community education.

SECTION II

CHANGES IN LOCAL INDUSTRY

Although agriculture in most countries will provide the greatest number of opportunities for employment, there is considerable scope for the expansion of local industries, particularly in rural areas.

Industrial development in urban areas will continue although large-scale heavy industry is unlikely because of the high investment required and the absence of cheap sources of energy. Light industrial development is, therefore, likely to be the pattern particularly the processing of local agricultural, forest and marine products where these are at present exported in the raw state. Other forms of industry will be those associated with the manufacture of inputs required by the rural sector, such as stock feed, fertilizer, fencing materials, boats, furniture. Light engineering and repairs services are also likely to develop.

At present, however, such industries are almost entirely restricted to major towns, with the result that rural-urban drift is encouraged and rural dwellers suffer considerable inconvenience and loss of income through delays in obtaining goods and services and through high freight and travel costs to and from distant towns. Decentralization is an urgently needed change in all

countries. This will require Government assistance in the form of incentives, such as tax concessions, the establishment of industrial estates, the provision of water and power and other infrastructure such as transport, communications, social and welfare activities.

A start has been made in some countries. In Fiji the Government with UNIDO assistance is establishing industrial estates in a number of rural centres. On these, a group of entrepreneurs are provided with land, facilities and equipment to establish a range of small-scale enterprises, the reimbursement of Government's investment being on easy terms. In addition, technical support services are provided in marketing and production while central workshops provide for maintenance and training.

A variation of this in Fiji has been the establishment of small industries at the village level. In conjunction with the Nadi District Rural Youth Council, groups of up to ten young people are establishing industries for the manufacture of pins, paper clips, paper bags, clothing, concrete blocks and incense sticks.

Another aspect of local industry with potential for development relates to artisanal activities. These are small "backyard"-type operations which already occur in urban areas but could be further developed in the rural sector. They require little capital and depend on skills which in many cases have been largely self taught. Such activities may take the form of trading, furniture making, clothing manufacture, maintenance and repair of bicycles, cars, farm implements and tools, sewing machines, benzine irons and lights, boats, outboard motors, etc. The types of assistance required for the development of these activities are loans to purchase basic tools, short vocational training programmes to enable the upgrading of skills and the provision of technical and advisory services. For school leavers and out-of-school youth schemes such as the Fiji Project, Loan Fund can help meet the first of these requirements.

A third type of local industry with potential for development is handicrafts. Fairbairn has recently pointed out that these are "village" industries par excellence; they are a source of cash income and employment to rural villages, afford a basis for wide village participation and help preserve traditional skills and art forms.*

Although some support has been given by Governments and International Agencies to the development of handicrafts, this has been mainly restricted to marketing. Fairbairn suggests that "among the kinds of action which should be considered as a basis for handicraft development are further assistance in the field of marketing, including the establishment of regional and other outlets overseas to facilitate direct export; the provision of guidelines in relation to quality; the provision of technical and financial assistance to villagers and village groups wishing to undertake handicraft skills; and generally, the stimulation of an increased awareness of the value of preserving traditional skills".**

* Fairbairn, I.J. "Rural Development and Employment Promotion. The South Pacific Context", International Institute of Labour Studies (1974) page 19.

** Ibid Page 19

To stimulate the development of local industry in the Pacific and thereby increase employment opportunities, it can be seen that changes are required in many of the same areas as for agricultural development. Improvements in marketing, credit facilities and in training programmes; the development of appropriate technologies, and in some cases, the provision of land under secure tenure conditions will be needed.

CONCLUSION

This paper has attempted to cover some of the main areas in which change is required in order to increase the employment opportunities for school leavers and out-of-school youth in agriculture and local industry. Many are within the power of Pacific countries to change; others may be dependent on external forces largely beyond their control. Many of the basic problems are human rather than technical and it is here that education in its broadest sense has a vital role. Attitudinal changes toward land, agricultural work and rural life generally can be influenced by both formal and non-formal education programmes.

While the change suggested in this paper will assist in employment creation, an equally important approach to the problem will be to reduce the number entering the labour market. Effective population control must therefore, proceed along with economic and other social changes.

There is no simple solution. Because of the complexity of the changes required, it is certain that the problems of employment creation will only be solved by determined political action and the co-ordinated efforts of all sectors of society.