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Title: Putting agriculture at the heart of sustainable development through the industrialization of freshness

We explore how investment in agriculture can ameliorate poverty and support development, by generating wage employment and by relieving the balance of payments constraint that threatens the macroeconomic sustainability of development. Development cannot be sustainable without structural change, in Arthur Lewis’s sense of a shift of people out of low and into progressively higher productivity economic activities. This process has often been (mis)understood as a rural to urban shift, or as only a departure from agriculture and into those sectors classified as manufacturing or industrial. However, our research, which draws on fieldwork in South Africa and Ethiopia, shows that simple sectoral classifications have become increasingly unfit for purpose. Besides the process of ‘servicification’, i.e. the greater share of final value of manufactured goods derived from service activities like logistics, marketing and branding, we argue that there is a parallel process of the ‘industrialization of freshness’.

Structural change is taking place within agriculture and rural areas rather than away from them, but the implications for ‘industrial’ strategies are rarely discussed. Among the influences accelerating an industrialization of freshness are a globalized unbundling of production, technical change, and the increasing significance of phyto-sanitary, quality, and ‘ethical’ standards. Our interviews with farm managers and owners, with airline managers and with government officials, show that many agricultural enterprises are increasingly knowledge-intense, organizationally and technically sophisticated and by a reasonable definition ‘industrial’. We discuss the difficulties of using the International Standard Industrial Classification (ISIC) system to list the most dynamic and productive agro/industrial commodities. We then identify, within the context of the Upper Awash Valley in Ethiopia, some of the apparently technical but, above all, socio-political constraints limiting the potential for high value agriculture to contribute to sustainable development. Our method and findings challenge much of the literature on ‘complexity’ and ‘product space’ and they query pessimistic conclusions about ‘premature deindustrialization’. And our findings suggest the need to rethink how industrial strategies can promote structural change: sustainable development requires much more support to high value agricultural production and less focus on assembling garments or trainers in subsidized industrial parks.