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AGRICULTURE AND GOVERNMENTS IN AN INTERDEPENDENT WORLD

PROCEEDINGS
OF THE
TWENTIETH
INTERNATIONAL CONFERENCE
OF AGRICULTURAL ECONOMISTS

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INTERNATIONAL ASSOCIATION OF
AGRICULTURAL ECONOMISTS
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1989

Dartmouth

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PREFACE

This volume contains the main papers and reports which were presented at the Twentieth International Conference of Agricultural Economists held in Buenos Aires, Argentina, from 24 to 31 August 1988. The theme of the conference, Agriculture and Governments in an Interdependent World, was chosen because of the important role which governments have played in agriculture for many decades but also because of its timeliness in this era of liberalization. State intervention in developed as well as in developing countries has led to many failures and disappointments; yet there is little doubt that governments will and should continue to play important roles.

When organizing an international conference, one is always faced with a dilemma. Should one attempt to cover the breadth of interests and of research contributions made by members of the profession or should one focus on a somewhat specific theme? For this conference, more than for previous ones, it was decided to choose the latter approach. Much of the credit for the intellectual design of our conference goes to Alberto Valdés, the Vice President in charge of the programme. He conceived the structure of the programme, sub-dividing it into sub-themes and mobilizing for these sub-themes the collaboration of eight co-ordinators. Thus, not only do we acknowledge the intellectual contributions of Alberto Valdés but also those of Yair Mundlak, Kym Anderson, Stephan Tangermann, D. Gale Johnson, Domingo Cavallo, Ronald Duncan, Hans Binswanger and Lucio Reca.

This conference could not have been possible without the dedication, efforts and achievements of a small group of Argentinian colleagues. In spite of extreme difficulties due to their limited number and to the extremely difficult financial situation of their country, that group, under the able leadership of Eduardo Manciana, was able to solve many logistic problems and to provide us with a setting and an organization of the conference which were both efficient and congenial, leading to pleasant, humorous, productive and lively discussions.

The Elmhirst memorial lecture which is given in memory of our Founder President, Leonard K. Elmhirst, was presented by Yujiro Hayami. He chose to speak on 'community, market and state'. His lecture reflects an outstanding wealth of knowledge and depth of thinking which is rarely manifested in the presentation of a paper to a conference. All agricultural economists should read and re-read Hayami's lecture. His main argument is that communities and markets both have a role to play in agricultural development and that the governments should expand their efforts in these fields in which both community

and market fail to achieve socially efficient resource allocation. In these, however, governments should try to supplement rather than to substitute for indigenous community and market systems.

A companion volume will be forthcoming presenting the contributed papers that were presented at the conference. Bruce Greenshields who chaired the contributed papers committee must be thanked for his effort. He, together with Margot Bellamy, will edit this second volume. In addition, Charles E. Caudill, the chairman of the discussion groups, and Julio Penna, the chairman of the poster sessions, deserve our recognition. Finally, one should thank the editor of this volume, Allen Maunder of the Agricultural Economics Unit, University of Oxford. As usual, he has produced in a most efficient manner, in a courteous but firm fashion, the high quality volume which is proposed to the reader now. In this endeavour, he has been helped by his wife, Pearl who deserves our gratitude. The Association must also thank Mavis Hunt for her usual and untiring efforts to produce the Cowbell, the daily bulletin of the Association published while the conference is being held.

MICHEL PETIT
Immediate Past President

INTRODUCTION

'Agriculture and Governments in an Interdependent World' was the theme for the IAAE Twentieth International Conference, held in Buenos Aires, Argentina. The meetings explored the implications of a growing interdependence between farmers, consumers, and governments; between economics and policies; between agriculture and the other sectors and between national policies and the policies of that nation's trading partners. The conference programme analysed the roots of this interdependence in conceptual and empirical terms, and assessed the forces that accelerate or retard the process of integration. It was hoped that the programme would encourage the development of new theoretical and empirical frameworks for analysing government policies and their effects on agriculture.

The theme of 'Agriculture and Governments in an Interdependent World' was divided into seven major topics and one special session, each analyzing a particular facet of the broader theme, and all invited papers were included in one of the topics. Eight individuals were selected to assist the Vice President Programme in organizing the papers and sessions within each topic and on the special session and, near the end of the conference, were asked to summarize the substantive developments of the sessions and discuss the various links between papers.

The seven topics and the one special session were:

Volume I:

I *Determinants of Agricultural Growth and its Relationship to World Development*
Yair Mundlak, Session Organizer

II *Political Economy of Agricultural Policies*
Kym Anderson, Session Organizer

III *Multilateral Trade Negotiations and Agricultural Trade*
Stefan Tangermann, Session Organizer

Volume II

I *Policy Reforms in the Market/Centrally-Planned/LDC Economies*
D. Gale Johnson, Session Organizer

II *Macroeconomic Linkages and Agriculture*
Domingo Cavallo, Session Organizer

III *Whither Commodity Markets?*
Ronald Duncan, Session Organizer

IV *Land Markets, Land Prices and Agrarian Structure*
Hans Binswanger, Session Organizer

V *Financial Crisis and Agriculture* special plenary session
Lucio Reca, Session Organizer

Maintaining eight session organizers, who co-ordinate the papers in each topic, permits an innovation in the proceedings. Formerly, rapporteur reports which summarized the discussion of papers from the floor were included in the proceedings after each paper and opener's comments. In the proceedings of this conference, rapporteur reports are not included but are instead utilized and incorporated by the Session Organizer in writing a summary of the entire topic programme. These summaries link the themes of the papers within a topic and integrate them into a whole that reflects the intricacies and challenges of each session.

Contributed papers, poster sessions, and discussion groups were an integral part of the intellectual exchange at the conference. These sessions were open to contributions on other topics, as well as the above. Such activities broadened the scope of the conference, but they are not included in the proceedings due to limited space that constrains the proceedings to the narrower theme of the invited papers. Contributed papers can be found in *IAAE Occasional Papers 5* while the reports of the meetings of discussion groups will appear in an IAAE Members Bulletin.

We wish to express a debt of gratitude to the many people who made this conference an enjoyable and memorable experience. Suzanne Gnaegy, David Bruns and, most especially, Marshall Klaus provided very capable administrative assistance and constructive ideas while the talent and expertise of the Session Organizers, authors, openers, and rapporteurs produced a challenging and educational programme.

The views expressed in this book are not necessarily those of the IAAE nor of the institutions with which the various authors are connected.

ALLEN MAUNDER
Editor, International Association of Agricultural Economists
ALBERTO VALDÉS
Vice President Programme