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Book Reviews

A Survey of Agricultural Economics Literature: Volume 2, Quantitative Methods in Agricultural Economics, 1940's to 1970's. George G. Judge, Richard H. Day, S. R. Johnson, Gordon C. Rausser and Lee R. Martin (Eds.). Minneapolis: University of Minnesota Press, for American Agricultural Economics Association, 1977. Pp. xxii, 473. \$US25. Index, hard covers.

A dominant characteristic of the economics and agricultural economics literature since the second world war has been increased emphasis on the use of quantitative methods of analysis. Initial efforts were directed more towards exploratory and descriptive purposes, whereas more recent studies have tended to emphasise the use of quantitative analysis to improve economic decision making and strategy formation. Useful information to help consumers to buy, producers to produce and governments to regulate requires numerical assessments of the direction of causal relationships, and of magnitudes of responses of policy argument variables to changes in controllable decision variables. This second of a three volume series of literature reviews initiated by the American Agricultural Economics Association reviews post war developments in the areas of econometrics, optimisation models, systems analysis and simulation, and U.S.A. sources of statistical information for use in quantitative studies.

The quality and interest of the different chapters is extremely variable. For the main part the chapters on "Estimation and Statistical Inference in Economics" and "Economic Optimisation in Agricultural and Resource Economics" provide travelogues of important issues and associated authors. They serve primarily as a concise set of references. By contrast, the chapter on "Systems Analysis and Simulation in Agricultural and Resource Economics" gives the reader an opportunity to grasp and understand the main issues, the problems considered, the techniques employed, the types of problems requiring further work and personal pleas for directions of new work. To a large extent the chapter can be read on its own whereas the first two require many trips to the library for key references, unless one already is an expert in this field. The final chapter on "Agricultural Information Systems", while specific to the U.S.A. situation, is interesting also for its messages of the need in quantitative analyses to fully understand the limitations of secondary data and to integrate the activities and restraints placed on the suppliers and users of data.

In an "Epilog" the editors emphasise several points of importance for further work. At the outset it is necessary to remember that economists for the most part must rely on experimental information presented to them by society and that they will not fully understand the simultaneous, stochastic,

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dynamic processes which have generated that data. Clearly such a situation poses enormous problems in the specification, estimation and validation of quantitative models. The editors make a special plea for adopting a generalist approach to quantitative model building which requires skills in articulating the objectives of intended model users, in understanding the pros and cons of a vast array of alternative estimation and solution algorithms, in being aware of and having a healthy respect for the quality of available data, and in getting the job done. Such laudable demands are unlikely to come in the one bundle except for a very few. Perhaps the message is one of using teams of experts rather than individuals for quantitative studies. The argument for a more formal adaptive control approach to model building is appealing. It recognises the realities of model building in a state of uncertainty but one in which current research can influence the future flow of knowledge, which in turn will be used in revising the model. Unfortunately except for a few special cases, the mechanics of adaptive model building are not yet developed although work is in progress.

The volume provides a useful reference for both general economists and for agricultural economists.

La Trobe University

J. W. Freebairn.

Response Patterns to a Mail Survey of New Zealand Farmers, T. I. Ambler. Agricultural Economics Research Unit Report No. 78. Canterbury: Lincoln College, September 1977. Pp. 47. \$NZ2. Soft covers.

The need for this book emanated from the author's concern about the apparent low response rate for mail surveys in New Zealand compared to overseas experience, and his feeling that this may be due to poor survey technique.

The report is in three sections. The first section reviews a selection of mail survey literature. The general criticisms of mail surveys are outlined (bias, inaccuracy, *etc.*) followed by a summary of the results of research into mail survey technique. The second section details an experiment in alternative mail survey techniques. A number of factors hypothesised to influence response were varied in an actual mail survey. The factors included the number and timing of reminders, brown vs. white envelopes and franked or stamped envelopes. The differences in both the total response and rate of response experienced using the range of techniques were tested for significance. The final section draws together the literature review and experimental results into an "appropriate procedure" list for undertaking mail surveys.

To those fully involved in the theory and practice of mail surveys, Ambler's book may be considered fairly superficial. There are a number of factors relevant to the response rate of a mail survey which are neglected, or could have been dealt with more fully. For example, the effect of the questionnaire itself on response patterns is mentioned only with respect to the length of the questionnaire and the colour of the stationery — factors such as general questionnaire appearance, variety of topics and question construction are ignored. In addition, the bibliography, while adequate, is not comprehensive.

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This booklet summarises selected research on mail surveys, presents the results of an experiment on mail survey technique, and outlines a suggested "recipe" for conducting mail surveys. It is a useful guide to practical mail survey procedure, but by no means a comprehensive text on the subject.

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M. A. Graham

Social Limits to Growth, Fred Hirsch. A Twentieth Century Fund Study. Cambridge Mass.: Harvard University Press, 1977. Pp. xii, 208. \$US 10. Index, hard covers.

Professor Hirsch's outstanding contribution to the economics of growth highlights the present impasse in the political economy of developed market economies. The main argument is that there are constraints to growth which are social, rather than physical.

Since the time of Adam Smith, great economists have been, almost without exception, social and political philosophers, and have extended their scientific analysis beyond the economy.

On one hand, there is the thesis that decentralised market capitalism is essential to freedom, while the other view is that capitalism leads to conflict. These latter economists have been forthright in pronouncing the aims of human endeavour and what constitutes a decent society. This book continues with these traditions and focuses on three key issues

- What are the fruits of economic growth and why have they been so disappointing?
- Why is it, that despite the fact that society is apparently considerably richer, the problems of distributional inequity seem greater?
- What has been the cause of increased collectivism throughout this century?

The answer to these questions is that the utility or welfare emanating from a specified flow of goods and services is not determined by selfish preferences. Welfare, in an affluent society is more socially derived. As societies become richer, a rising proportion of the additional commodities, services and facilities sought by consumers cannot be acquired or used by all. "Material affluence does not make an affluent society".

Hirsch's fresh examination of the inherent social limits to economic growth reveals what appear to be unrelated aspects of current problems of society. These include work alienation, the education scramble, decline in city living, relations among persons in society at all levels, and rapidly rising inflation and unemployment.

Hirsch suggests that many items valued in society are hierarchial, describing these as "positional goods". Welfare is derived from being at the top of the pinnacle or possessing high status. As basic requirements are met, positional goods become more highly valued. Although economic growth has brought benefits in material terms, it fails to provide contentment in equal measures. The wants that are generated by economic growth are increasing and cannot be obtained by everyone; their very attraction is that they are relatively scarce e.g. a "country cottage, an old master" cannot be acquired by all.

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If the demand for positional goods rises, but supply remains static, their relative prices will increase. Real income, quantified in conventional terms will rise in the event of economic growth occurring, although when measured in terms of positional goods, it may remain unaltered.

What can be done to ameliorate the stresses and strains emerging as a consequence of economic advance? Hirsch claims that perhaps nothing can be done, although he offers two suggestions. The first is that income and status should not be so closely related; taxes and public expenditures could be applied to make high income levels less attainable.

Secondly, although a zealous believer in the individualist ethic, he argues that our ability to preserve freedom may hinge on a collective solution, requiring the individual to develop a suitable social ethic. He contends "that getting what one wants is increasingly divorced from doing as one likes". He challenges the technocratic priority detailed by the post World War II economists and political scientists concluding that society must virtually have attained the plateau of social organisation.

Hirsch died prematurely and tragically early in 1978 after completing *The Political Economy of Inflation*. With reference to *Social Limits*, perhaps the best comment is by Professor Robin Mathews in *The Economic Journal*

Hirsch addresses himself to uncomfortable topics that economists prefer most of the time to sweep under the carpet. And he has the intellectual stamina to develop his rich and wide-ranging treatment into a coherent whole.

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N. R. Baker.

Striking a Balance: Environment and Natural Resource Policy in the Nixon-Ford Years, D. C. Whitaker. Washington: America Enterprise Institute for Public Policy Research, 1976. Pp. xv, 344. \$US5. Soft covers, index.

John Whitaker served at the White House, the Department of Interior, and was in charge of the environmental task force in 1969. He was in a position not only to provide an accurate record of all policy decisions that took place, but also to detail their background.

The development of the environmental movement is outlined. In 1968 the two presidential candidates Nixon and Humphrey barely mentioned the environment, natural resources and energy. Yet only seventeen months later the country celebrated Earth Day, a spontaneous outburst reflecting mounting popular concern about the environment.

Whitaker points out that there is a cyclical interest in environmental issues. After almost 300 years of rapid expansion, the U.S.A. reached the boundaries of its frontiers, and the conservation movement appeared around 1880. The movement attempted to curb wastes associated with an era of rapid expansion and to move to a management system of natural resources.

After the Second World War, there was a brief era of rapid industrial expansion. Everything seemed to get bigger and better and more was certainly better than less. In 1962 a first cloud appeared on the horizon with

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publication of Rachel Carson's *Silent Spring*. The book triggered off an avalanche of literature on ecology. By 1969 it was clear that there is a limit to the industrial might of the U.S.A. A new industrial frontier was reached, and people began to value quality of life to a greater degree.

Subsequent chapters deal with the environmental problems of clean water, clean air, solid wastes. Whitaker points out the weaknesses and inefficiencies of western democracy. No matter how sound a proposal may be or how great its long-term benefits, it is ultimately politicians who will have to pass the legislation.

With environmental issues, politicians have a very short-term time horizon, usually stretching to the next election. Long-term proposals that may be in the long-term interest of the nation but against the short-term interest of political advantage, are unlikely to be passed until an emergency occurs. By then the environmental damage has usually been done and repair work is expensive.

To non-American readers many of the names and details are perhaps lost and the book at times becomes boring or confusing. The economic content of the book is light. The most interesting chapter for the economist concerns off-shore oil. But even the economic content of this chapter, although well written, remains shallow and at times incomplete.

The book contains a large number of facts on many contemporary U.S. environmental issues. Its strength is therefore breadth of coverage rather than depth of analysis.

It can only be recommended to policy makers and serious students of administration and politics, bearing in mind its highly descriptive content concerned only with American affairs.

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D. Godyn.