

## Editor's Introduction

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Why have a millennium issue? One answer is that the start of a millennium is a good time for stocktaking. What better time for reflecting on achievements? And for looking to the future, thinking about how it will be different from the past, and about how we can better respond to the challenges it will bring?

Most learned journals I have looked at seem not to have found this argument, or others, convincing: they have not produced a millennium issue, nor indicated an intention to do so. (The reality that in editors' offices, as elsewhere, there are different views on when the new millennium arrives does pose some difficulties of verification.) Perhaps the rarity of millennium issues is because the costs have been judged excessive in relation to the benefits.

The American Agricultural Economics Association, to which the Australian Agricultural and Resource Economics Society sometimes looks for a lead, is not producing a millennium issue of its front-rank journal. The American Association did, however, publish in October 1993 an issue to mark the 75th anniversary of the first issue of the *Journal of Farm Economics*, forerunner to the *American Journal of Agricultural Economics*. The issue contained papers that looked at what agricultural economists did and how they did it: 'authors were asked to examine contemporary issues in research methodology and economic inference, and to provide perspectives on the agricultural and resource research agenda and the future of agricultural research institutions' (Buccola and Adams 1993, p. i). Papers in that issue by Leontief, Tomek, Randall, Pasour, Castle, Just and Rausser and others remain of interest to Australian agricultural and resource economists.

The *Journal of Economic Perspectives* did produce a millennium issue. In the Winter 2000 issue Australian agricultural economists will find reflective backward- and forward-looking papers that have much to offer them. These papers include 'Environmental problems and policy: 2000–2050' by Paul Portney, and 'From homo economicus to homo sapiens' by Richard Thaler. One of the predictions in the latter paper is that economists will in future spend more time studying emotions.

Turning to the present collection, a word first on how the issue was compiled. The idea of a millennium issue was suggested by several people,

and supported by the Council of the Society. A general invitation was extended through issues of the Society's newsletter, *News & Views*, to submit papers that looked back and/or forward, and were reflective in nature. The papers by David Godden, John Quiggin, and John Freebairn and Julian Alston appeared in response to this invitation. The papers by Bob Richardson and by Fay Rola-Rubzen, Brian Hardaker and John Dillon resulted from specific invitations to submit papers on the topics concerned. All papers were reviewed. Appreciation is expressed to those other people who submitted papers that were not accepted.

The issue commences with David Godden's examination of changes in the Australian agricultural economics profession in the last quarter-century. In undertaking this examination, Godden uses the microeconomic framework that is central to the thinking processes of agricultural and resource economists. This framework is applied across a broad domain, with consideration being given not only to the roles of the changing economic and political setting, institutions, and the labour market for Australian agricultural economists, but also to the written output of the profession and its 'philosophical' underpinnings. Looking ahead, Godden suggests that changes in the supply of agricultural economics graduates resulting from developments in tertiary education, including global competition in distance education, may have a greater effect on the profession than changes in the demand for graduates.

Fay Rola-Rubzen, Brian Hardaker and John Dillon address what many see as the world's top priority: reducing poverty. Drawing on their substantial experience in development activities and accessing a large literature, these authors argue that agriculture-led economic growth is the most effective way to reduce poverty in most developing countries, and that too little emphasis is being placed on that growth strategy. Rola-Rubzen, Hardaker and Dillon consider several reasons why broad-based agricultural development is not more in evidence: urban bias; ineffective aid; bad governance; and fads and fancies in the development community. The authors see agricultural economists as partly responsible for the sub-optimal use of agriculture-first strategies, and hence for the excessive number of people suffering from poverty. The challenges for agricultural economists working in development include making better use of their comparative advantage in working with natural scientists and farmers, achieving a better balance between making markets freer and correcting market failures, and communicating more effectively what they know.

The future productivity of the Murray–Darling Basin is of great concern to Australians. In 'Environmental economics and the Murray–Darling river system' John Quiggin provides an overview of past regulation of the river system and of the environmental problems experienced in the Basin. The

main focus of his article is on the usefulness of three analytical frameworks for thinking about the resource and environmental problems of the Basin. These frameworks are developed on the concepts of externality, sustainability and property rights, respectively. Quiggin suggests that an eclectic approach, drawing on all three perspectives, is most helpful for understanding the complex problems of the Murray–Darling Basin. A conclusion is that further developments in resource pricing, regulation and property rights (private and common) will be needed to deal with the growth in competing demands for land and water.

The place of the wool industry in Australia's history, economy and culture would make it an appropriate subject for the millennium issue, even if the industry could not lay claim to the biggest rural policy disaster in the country's history in the collapse of the reserve price scheme. Bob Richardson has written an insider's story of the political economy of wool marketing in the last half-century. He argues that politics took over from soundly-based economic policy advice over that period, at a high price to woolgrowers. Decisions on wool research, promotion and market intervention intended to stabilise prices all suffered as a result. Richardson explains the background to the introduction of a conservative price support scheme for the wool industry in the early 1970s, the evolution of this into a high-risk reserve price scheme in the late 1980s, and the travails of disposing of the wool stockpile in the 1990s. He considers that agricultural economists were less useful than they might have been in providing relevant and timely analysis for important decisions on wool policy.

The final article is perhaps less different in style from the run of articles published in *AJARE* than are the earlier ones. This article is on generic advertising, the authors being John Freebairn and Julian Alston. Their interest is in advertising for the benefit of producers in the competitive industries that characterise much of world agriculture, rather than in advertising as an aid to profit by firms with market power. Freebairn and Alston derive rules for maximising aggregate producer gains from advertising. They do this for alternative methods of funding the advertising — lump-sum, per unit and ad valorem levies, and per unit levy with matching government subsidy. The producer surplus-maximising level of advertising depends on how the advertising is funded. The authors synthesise a substantial body of literature, and extend the analysis into the areas of international trade, market distortions and multi-commodity interactions. An important policy implication is that generic advertising cannot be profitable for a small trading country in the absence of government intervention in the market.

Some of the articles are likely to prove controversial. Submissions from readers who have different perspectives on the topics addressed will be welcomed.

Book reviews have always been an important, and the most widely read, component of *AJARE*. It is appropriate that the millennium issue includes its share.

Hopefully members of AARES and non-member readers of the *Journal* will view this millennium issue as a worthwhile initiative. If they do, I will judge the costs reasonable in relation to the benefits.

### Reference

Buccola, S. and Adams, R. 1993, 'Preface to the 75th anniversary issue', *American Journal of Agricultural Economics*, vol. 75, p. i.