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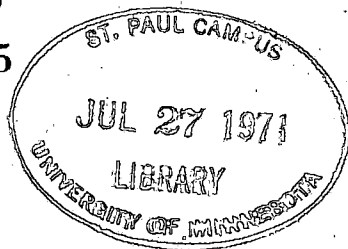
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**Contemporary
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the Economics of
Agriculture—1964**

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GROUP 2 (b). FARM MANAGEMENT, DEVELOPING COUNTRIES

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In relation to the rational development of farm organization and farm structure, it was stressed that technical and economic aspects should be tied together in the early stages of development. At the same time, research should be intensified to improve farm organization and operational efficiency.

In the developing countries, efficiency in the use of farm inputs is highly correlated with the institutional set-up. In this context, the role of farm-management research workers in guiding policy-makers and administrators was emphasized.

Premature generalization needs to be avoided on the subjects of changes in resource-use and product-mix, and technical improvement in the early stages of development. There is also a need for great caution in drawing inferences about productivity in relation to size of farm without due attention to differences in enterprise combination, quality and level of input use and managerial competence in resource use.

While land was mentioned to be a limiting factor in many Far Eastern countries, and labour in most African countries, there was a consensus of opinion that lack of managerial skill and capital input were severe handicaps in raising farm output in most developing countries.

On technological progress in developing countries, the following points emerged in the discussion:



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- (1) Technical progress is difficult where there is an undeveloped or developing market system.
- (2) Technical progress will be slow when local customs and practice are strong.
- (3) Technical progress may lead to specialization, and in some cases this may be contrary to other objectives. Similarly, national agricultural policy may not always be congruent with the welfare of the individual farmer.

As regards specialization, the problems of inadequate markets and transportation were discussed; so also were the merits of diversification in disease control, through complementary relations, and as insurance against risk and uncertainty.

Here it was pointed out that recommendations need to have a research base, both agronomic and economic, which will show complementary, supplementary or competitive relationships of crops in both physical and money terms. Again, depending on the country, specialization on farms may still be consistent with a diversified industry at the aggregate level.

Finally the importance was emphasized of studies showing comparisons between the production of good farmers and of poor farmers correlated with their practices, cropping system, &c. This provides a connexion between experimental station tests and practical adoption. Caution should be used in the transfer of technical information from developed to developing countries.

In regard to requirements for changing from traditional to modern methods, modern management method was defined as the making of management decisions by the farmers concerning the adoption of new practices such as choice of varieties, insect- and disease-control measures, mechanization and changes in enterprises. This was in contrast to tradition which involved simply following past practices without any explicit management decisions being made by the farmers.

Numerous examples were given of changes made in developing countries and the apparent conditions associated with these changes. From these the group developed the hypothesis that the requirements for changing from traditional to modern methods of farm management included the following:

1. Development of a general system of primary education.
2. An agricultural research programme concerned with production practices and their economic evaluation.

3. A system for extending research results to farmers, recognizing that time and patience are required in the early stages of change.
4. Institutional arrangements which make available the essential elements for change such as improved seed, fertilizer, pesticides, equipment and credit.
5. A market system which provides an economic incentive for efficiency.
6. Land ownership which returns economic benefits from change to the farmer.
7. A family pattern in which younger members of the family have a part in farm-management decisions.
8. Industrial development which will absorb the labour released from the farm by the adoption of modern methods.

Concerning the collection of farm-management data in developing countries, the following points were emphasized:

1. Even simple methods give valuable information.
2. Students make good enumerators, and it is a valuable training for them.
3. Adequate prior organization, preliminary survey, and orientation are essential.
4. Integration of field projects by a central organization avoids duplication.
5. The use of the local language is essential in establishing good collection.
6. The farm surveys and the use of farm records, whether written by an enumerator or the farmer, are alternative methods of collection and either may be appropriate in different localities. Collected data should be preserved for application to future needs.