

Book reviews

Farm Management for Asia: A Systems Approach, by Douglas J. McConnell and John L. Dillon. Published by the Food and Agriculture Organization of the United Nations, Rome, 1997, pp. xxix + 355, ISBN 92-5-104077-X.

This book was produced by FAO through its Farm Management and Production Economics Service for the furtherance of the systems approach to farm development, especially of small traditional farms in the tropics, and it builds on previous FAO publications in this area. In the Foreword to this book, Doyle Baker emphasises the importance of its systems approach by saying:

The degree of interdependence among crop and livestock activities, and between the farm and the household in such small-holder systems is such that one would not attempt to adjust, improve or modernize any single element without expecting repercussions throughout the whole system . . . the authors present a powerful argument for the application of farm management and farming systems analysis to these complex small-holder agricultural systems in Asia. They leave the reader with profound respect for what this traditional world of the small farm can offer in return. (p. vi)

The book comprises 11 chapters and an Appendix. The blurb on the back cover of the book claims that ‘starting with a new schema for classifying farm types and agricultural systems, it demonstrates the application of a range of quantitative analytical methods for understanding and working within the complex world of traditional small farm systems’. The first two chapters describe the authors’ classification systems. The following three chapters discuss various elements of the farm-household system, covering topics such as the relevant system boundaries, system resources, and elements of system budgeting such as enterprises, types of budgets, processes, coefficients and something called the ‘farm service matrix’. The following chapters are concerned with the evaluation of farm-system performance and with the planning of new or improved systems, starting with Chapter 6 which covers household goals and performance criteria. The remaining five chapters present modern approaches to agricultural planning, i.e. enterprise and whole-farm evaluation, response analysis, programming techniques, planning farm systems over time and planning under uncertainty. The Appendix is an interesting presentation of the authors’ perspectives on management and farm

management, including the distinctive characteristics of the latter. The book concludes with a comprehensive 11-page subject index.

A major difference between this book and others in farm management is its classification systems. The extent to which these classification schemes assist users of the text remains to be seen, but this novel component of the book deserves some space in any review. In Chapter 1, an hierarchy of agricultural systems is presented that comprises 16 Order Levels. The highest order refers to the entire agricultural sector, which is then successively broken down into the various lower-level orders. These successively include sub-sectors (Order 15), industries (Order 14), the village community (Order 13), and then to various farm-level systems (Order Levels 12 down to 1) such as the farm-household (Order 12), the whole-farm (Order 10), farm enterprises, and so on, to the lowest order which is described as 'uni-dimensional process systems', an example of which is crop response to N fertiliser.

Next, in Chapter 2, farm management is defined as the science (and art) of optimising resource use in the farm component of farm-households, i.e. in systems of Order Level 10. The authors add (p. 18) that farm management is also concerned with subsystems of Order Levels 1–9 in terms of its contribution to optimising the whole-farm system, but that its scope can extend to systems at the Order Levels 12 and 13 when the management issue under study extends to the household or village level.

Farm management activities are then categorised in terms of four fields (p. 21). Field A is conventional farm management as we know it, and the field with which the book is primarily concerned, i.e. solving on-farm problems of farmers and their families. Field B is described as those problems and analyses which do not properly fall within Field A but which can be treated as if they do. Examples may be offered by the agricultural sectors of mini-states which by their nature could be thought of as similar to a large farm system. Field C consists of 'problems or issues arising within . . . higher systems of Order Levels 13 to 16' for which farm management plays a secondary or partial role. An example is farm management analyses in support of the evaluation of a public irrigation project. Field D consists of farm management in the role of generating data for policy-making by governments and public agencies.

Within each of the above Fields, farm management is then said to operate within four modes. Mode 1 is the day-to-day 'muddy boots' operational and control activities of farmers and managers. Mode 2 covers descriptive studies that are often required as a basis for Mode 3, which is the diagnosis of problems, weaknesses and opportunities. The prescription of action plans for solving problems and seizing opportunities are the activities of Mode 4 farm management.

Finally, in Chapter 2, individual farms are classified into 6 types. Unlike commonly used classifications on the basis of climate or predominant enterprises, the offered system emphasises the farm's purpose, its independence and its 'size'. They range through small subsistence family farms (Type 1), through small specialised family farms (Types 3 and 4) to large commercial family farms (Type 5) and commercial estates (Type 6). In some cases, subtypes are also specified and discussed.

There is little doubt that this system does indeed allow a complete classification of developing-country farm systems. This is illustrated by the plethora of illustrations that the authors are able to provide from their vast experience in the field, one example of which is

the most diversified farms are the small subsistence and semi-subsistence farms of Types 1 and 2, respectively — e.g. the irrigated crop-livestock-orchard farms of North India and Pakistan, the clover-wheat-barley-sheep-rabbit-poultry-scorpion-vegetable farms of China's Loess Plateau, the small mixed crop-livestock farms of South China and Taiwan, and the forest-garden farms of the wet tropics. (pp. 118–19)

But in addition to its ability to allow us to order reality, to what extent does the classification system permit improvements in farm management analysis? The book's discussion of farm system boundaries, resources and decision-making (Chapter 3) does illustrate how these typically vary over different Order Levels and Farm Types and Fields, and Chapter 6 comprises a revealing presentation of how goals and performance criteria might typically vary across Order Levels and Farm Types and how they might be used within the various farm management Fields. Thus, correct classification of a system may effectively guide and assist its subsequent analysis. However, the use of comprehensive classification lists also runs the risk of introducing unhelpful complexity. An example of this is Section 5.3 which is given the heading 'The Farm Service Matrix: A System of Order Level 9' (p. 102). This turns out to be the farm's set of fixed inputs, and what follows is a standard discussion of the measurement of farm fixed costs such as repairs and maintenance, interest and depreciation.

Might a knowledge of the authors' unique classification system influence the choice and application of the evaluation techniques described in Chapters 7 to 11? The first four of these chapters provide carefully researched and well written accounts of their topics, but with little reference to the classification scheme, and what reference is made is rather *en passant*. For example, when reading that comparative analysis starts with development of a measure of whole-farm performance (p. 154), we are reminded that this refers to Order Level 10; and in introducing the chapter on optimisation methods we are told that this is about planning of whole-farm systems of Order Level 10 and that

these methods might be most appropriately applied to Farm Types 1 and 2. However, in Chapter 11 on uncertainty, the suitability of risk analysis techniques and risk management strategies is linked specifically to the various farm types. For example, different farm types face different risks and different management options, as illustrated with comparisons between subsistence and commercial farms, and between resource-poor and more richly endowed farms. More formal analytical techniques are said to be more relevant to large commercial farms and estates (Types 5 and 6) than smaller farms. Hence placement of the study system into the appropriate classification may well assist in the subsequent planning and managing of that system under uncertainty.

Irrespective of the extent to which the classification system is crucial to understanding and using the remainder of the book, this text will prove to be a most valuable guide to those working in the broad field of sustainable agricultural development. Though the various analytical techniques are presented in rather similar ways to those found in 'Western' farm management texts, the choice of language and examples will give the book considerable appeal to those working in the developing regions of Asia and elsewhere. All chapters appear to have been meticulously prepared and researched, with clearly presented arguments and relevant examples. The book will be a welcome addition to the literature on farm systems management, and will be especially welcomed by analysts, extension workers, consultants and managers in developing countries and not necessarily restricted to those of Asia.

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Collaboration in International Rural Development: A Practitioner's Handbook, by George H. Axinn and Nancy W. Axinn. Published by Sage Publications, New Delhi, 1997, pp. 334, ISBN 7619-9200-6.

This book is written by two academics who have over 50 years' experience working in over fifteen countries in three continents, Africa, Latin America and Asia. Drawing on that experience, the Axinns provide a well-written and accessible book for anyone, researchers, planners or practitioners, interested in working in developing countries. Using anecdotal examples and real case studies, the authors tactfully discuss some very dry rural development theoretical constructs. Although, in some places discussion about theoretical constructs seemed to be out of place, the book nonetheless provides a much needed 'hands on' guide for planning and working on collaborative international rural research and development.

It is important that such a book should address practical operational issues which international development researchers and practitioners should take into account when working on development assistance programs. Often disregard for basic operational issues, such as respect for partner-country collaborators, and presumptions that outsiders know 'what is best' for the developing countries, are the main reason for unsuccessful aid projects — however well designed, or however excellent their science inputs.

The main thesis advanced by the Axinns is that we should discard the basic paradigm used in the past where the external agents of change, the 'outsiders' (who were also paying the bill), were seen as experts and who knew all there was to know about the development needs of rural communities. That approach, the authors argue, should be replaced by genuine collaboration between insiders and outsiders. Collaboration here refers to the type of partnership in which 'both insiders and outsiders have something to gain from the interaction and something to give to the interaction' (p. 93). International collaboration is seen as an 'effort built on trust and a sense of equity' (and respect), which enables people with different backgrounds, including different perceptions and views of the world, differences in language, and differences in individual disciplinary paradigms, to work together to achieve common goals.

The authors acknowledge, though, that collaboration is easy for writers to advocate but often difficult for practitioners to achieve. Collaborative projects require high transaction costs in time and resources. However, I wholeheartedly agree with the authors that such investments are important and in the long run bear fruit.

To enhance international development, the authors argue that people should not only work together, they need to also plan together. A sense of ownership is encouraged when both parties plan together, establishing shared project/program goals and a common language and developing a meaningful operational framework, which recognises differing perspectives. In other words, there must be genuine collaboration based on trust and respect and an openness to share knowledge throughout the whole project cycle.

Another refreshing aspect of the book is that gender issues are not compartmentalised and treated separately. Instead, they are treated as part of the main discourse and discussed in each chapter. The authors rightly see gender as a crucial variable in international rural development and emphasise that development is more likely to occur when there is also 'strategic understanding of gender relations'.

The book is divided into four Parts. Part 1 deals with the academic field of international development and current issues and concerns in development, including gender. Part 2 addresses 'Strategic and policy alternatives', while Part 3 discusses issues related to collaboration in implementation and administration. Between them, the three Parts discuss in detail such issues as changing

perceptions of development and development assistance; current issues and concerns, including issues such as human greed and corruption; accountability and sustainability of externally assisted developments; essential factors in collaboration; operational aspects of program design and implementation and critical aspects of effective collaborative strategies. The importance of also addressing the issue of institutional and individual capacity enhancement is highlighted, as is the need for implementing learning and the communication process. Other issues covered include practical considerations related to administrative matters such as managing organisations and personnel, conflict management and financial management. In Part 4 the authors end on an optimistic note on the wind of change noticeable in the activities of many international agencies. They note that, although we are a long way from totally replacing the international development assistance paradigm in international rural development, many international agencies have recognised the need for, and are also taking positive steps towards, genuine international development collaboration where gender is also part of mainstream activities.

This handbook is essential reading for anyone embarking on international collaborative rural research and/or development projects. It is equally relevant to practitioners of international rural development as well as funders and managers of international aid. It provides a 'hands on' guide together with some interesting anecdotal examples to give a 'real life' feel to a subject matter which can be rather dry and unappetising.

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Agricultural Economics and the CAP: An Introduction, by Paul Brassley. Published by Blackwell Science Ltd, Melbourne, 1997, pp. iv + 172, ISBN 0-632-04137-4 (paperback).

If you are seeking an up-to-date introduction to the operations of the CAP and its economic impact, this is not the book for you: the focus of the book is on basic agricultural economics principles and how markets function in the real world, illustrated with examples drawn from EU (but mainly UK) agriculture. Only one of the eleven chapters is devoted to the operation of the CAP and that chapter (Chapter 10), while providing some useful material on the current instruments employed by the CAP, is lacking in analysis of the impact of the policy on world markets.

As Paul Brassley (University of Plymouth) makes clear in his Preface, the book was originally written for diploma students in agriculture and assumes no previous knowledge of economics. The strength of the book as

an introductory agricultural economics text is the clarity of the exposition and the minimal use of economic jargon. In explaining the operation of agricultural markets and the factors affecting demand and supply of agricultural products (Chapters 2–5), Brassley covers the key concepts concisely, with good use of diagrams and plenty of practical examples. Questions for the reader are scattered throughout each chapter (with answers provided at the end of the book), and each chapter concludes with a summary of the main points.

The focus in the early chapters is on developing a framework to understand how markets work, with a view to using the framework in later chapters to examine the impact of government policy on agricultural markets and the agricultural sector. The discussion of index numbers in Chapter 4, while quite simple, is nevertheless very useful for students wishing to use agricultural statistics, irrespective of whether they are located in the United Kingdom or elsewhere. Likewise, the discussion of agricultural inputs (land, labour and capital) and the structure of the European agricultural sector provides helpful background for understanding the issues raised in the subsequent chapters on agricultural policy.

Having got off to a good start in the first half of the text, Brassley's treatment of trade in agricultural products and the subsequent chapters on supporting farm incomes and on government policy are a disappointment. While Brassley has attempted to present arguments for and against protection, and arguments for and against government assistance to farmers, the overwhelming impression — at least to this reviewer — is that Brassley is defending the status quo and doesn't see much need for change. For example, in summing up the discussion on whether we should or should not support farm incomes, Brassley states:

The most obvious conclusion is that the arguments do not allow a clear-cut decision on one side or the other. In which case it is interesting to find that all industrialised countries, with the present exception of New Zealand, *do* in fact have some form of support. (p. 113)

Leaving the reader with the impression that EU policies on support can be justified in this way is much too simplistic.

Brassley adopts a highly Eurocentric approach which will cause many Australian and New Zealand readers to bridle. Consequently, the use of this book in diploma or undergraduate courses in agricultural economics will require additional supplementary material which provides a broader perspective of the impact of the CAP on world trade.

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Sustaining Export-Oriented Development: Ideas from East Asia, edited by Ross Garnaut, Enzo Grilli and Jim Riedel. Published by Cambridge University Press, Cambridge, 1995, pp. xxiii + 383, ISBN 0-521-48304-2.

This book is a collection of essays written to acknowledge and to celebrate the contribution which Professor Helen Hughes has made to the profession's understanding of the processes of economic development. In order to put her insights into perspective, most importantly her policy prescription of outward-orientated trade policy, and to recognise how important these insights were, it is necessary to reflect on the prevailing orthodoxy amongst development economists in the early post-war years that formed the basis of the policy advice given at the time.

In essence, that orthodoxy included the idea that in order for agrarian-based economies to achieve high rates of economic growth, a declared aim at the time, it was necessary for governments to impose import substitution policies, to support infant industries in the manufacturing sector, and to manipulate the exchange rate. Those economists who adopted this orthodoxy were pessimistic about the long-run sustainability of export-led growth because the exports of the then developing countries were largely of agricultural products with low income elasticities of demand in the industrialised, importing countries. They were also pessimistic because of the perceived deteriorating terms of trade of primary products as against those for manufactured products (the Prebisch-Singer hypothesis), and because of the effects of instability of export earnings and terms of trade on the rate of economic growth. The notion that market solutions might work well and, in particular, that comparative advantage should be allowed to be expressed, were not part of the orthodoxy. It was this orthodoxy which Helen Hughes attacked successfully. In its place, she advocated, *inter alia*, export-orientated growth based upon comparative advantage and sound infrastructural and financial policies.

By the mid-1950s, some economies in East Asia had begun to move away from the inward-looking approach to growth and development towards outward-looking industrial development. Their actions have provided a revealing experiment in economics. The conclusions to be drawn have demonstrated that Hughes was correct: that the earlier pessimism was misplaced; that there is a role for government but not the one put in place in the 1940s and 1950s; that the economic theory being used as a basis for policy advice at that time was misguided; and that there is no single East Asian model of economic development. The outcomes of this experiment are brought out very clearly in the first two chapters by Krueger (Chapter 1: The Role of Trade in Growth and Development: Theory and Lessons from Experience) and by Grilli and Riedel (Chapter 2: The East Asian Growth Model: How General Is

It?). They draw upon the quite different economic histories of Hong Kong, Taiwan, South Korea and Singapore to show that while the outcomes have been similar and each country has been very successful, the policies undertaken have differed. Because of these differences in economic history and the economic policies which have partially determined that history, they conclude that it is difficult to judge how applicable these experiences are to other parts of the currently, developing world.

It is at this point that the structural integrity of the book breaks down because there is a loss of continuity in the exploration and development of the main themes of the material presented in the first two chapters and anticipated from the title. Perhaps this is inevitable, given the apparent discretion which the individual authors had in choosing that material. In this reviewer's opinion, the logical development of the ideas would have suggested placing what is Chapter 4 by Chia Siow Yue as the third chapter (Government's Role in East Asia's Economic Success), followed by Chapter 7 by Leung (Exchange Rate Regimes and Outward-looking Growth), Chapter 10 by Yang (Sustaining China's Remarkable Exports and Growth Performance) and then Chapter 6 by Garnaut and Drysdale (East Asia in the International System: Asia Pacific Economic Cooperation and the Challenge of Discriminatory Trade). These chapters all have a focus on East and South East Asia, they develop the themes established in the first two chapters and in the Dedication to Helen Hughes by Arndt, and the specific examples used there relate directly to the experiences of the Asian sub-regions.

Chia Siow Yue considers the areas of government involvement in the economies of the region and the later privatisation of state enterprises, and assesses whether governments have helped or hindered economic development. By contrasting the experiences of Hong Kong, Korea, Singapore and Taiwan in particular with respect to government involvement, he concludes that the evidence is mixed. Leung reviews the history in the region of exchange controls, openness to trade and exchange rate regimes. He anticipated the financial crisis which began in mid-1997 with the comment that deregulation of the financial sector requires prudential supervision and careful sequencing of deregulation. Yang describes the changes which have taken place in China since the reforms of 1978; links export and income growth with ongoing reforms; and identifies the driving forces behind these reforms, e.g. the growth of the township enterprises, the upsurge in foreign direct investment and the creation of the special economic zones. Garnaut and Drysdale focus on the growing intra-East Asian trade, and on Australia's trade with the region. They also discuss the role of APEC in helping to lead multilateral trade debates and the need for that collection of countries to pursue open regionalism.

The remaining seven chapters have less of a focus on Asia and, among these, some have none at all. Three chapters deal with different aspects of international trade. Duncan (Chapter 11: Commodity Terms of Trade and Instability) discusses the policy options faced by governments of developing economies which depend upon exports of primary commodities. He concludes that more use could be made of financial market instruments and less of commodity policy to achieve the desired reduction in the exposure to risk. Snape (Chapter 3: Interrelationships Between Economic Ideas and Policy in the International Institutions) reviews the roles of international institutions (the GATT, UNCTAD and the World Bank) and the economic ideas under which each has operated, particularly with respect to theories of trade and development. Frank (Chapter 5: Trade Policy and the Globalisation of Production) discusses the changing structure of international trade with the increasing importance of intra-firm and intra-industry trade, and the changing composition of trade with the rise in share of services. He concludes that there is a need for some form of co-ordination of national competition policies, technical standards, intellectual property and environmental policies.

The theme of environmental policies as a constraint on economic development is picked up in the final chapter of the book by Robertson (Chapter 13: Environmental Constraints on Development and International Rules). He contrasts the favoured policies of the economist and the environmentalist: the former argue that if the targeting principle is used, then trade policy instruments are not the first-best policy to deal with domestic environmental problems; while the discriminatory import policies advanced by environmentalists are not acceptable within the rules of the international trading system. He highlights the tensions which these contrasting positions have created in the development of international protocols for trans-boundary issues. Another possible constraint on development is analysed by Dee and Findlay in Chapter 9 (Demographics and Markets — Are there Limits to Export Promotion Strategies?). They use the Salter computable general equilibrium model to run experiments on the relationships between income growth, population growth and productivity growth for fifteen countries, only some of which are East and South East Asian. They conclude that, for some of these countries, there are limits to the export-promotion strategy because of negative terms of trade effects that must be offset by higher rates of growth in total factor productivity. A third possible constraint on economic development is explored by Anderson in Chapter 12 (Agricultural Policy: Constraints to Development). In it he asks the interesting question: does a comparative disadvantage in agriculture affect (positively) the rate of economic growth? This question was prompted by contrasting the experiences of countries such as Australia, Hong Kong,

Japan, Singapore, South Korea and Taiwan with respect to rates of economic growth and with respect to the policy bias against or towards agriculture. Referring to the Tyers and Anderson model of world food markets, he concludes from data for 1980–82 that there is a negative relationship between comparative advantage in agriculture and the protection provided by government support. However, from the figure provided (Figure 12.1), it is not easy to arrive at an answer to the question posed because the rates of growth of the economies at the extremes of the distributions are not provided.

The final chapter, among those which do not have as a focus East Asia, is the one by Viviani (Chapter 8: Has Development Assistance Aided Development? — The Australian Case). She notes that in recent years the topic of international aid has moved to the edges of the debate about economic development, that topic having been overshadowed by deregulation, direct investment and financial markets. She then reviews Australia's commitment to aid, the changing geographical dispersion of that aid, the evolving motivation for providing it; and then she assesses the benefits of it. She concludes that Australia's aid programmes, on balance, have benefited both the recipients and the donor.

The overall impression left by this book is that it is a collection of essays which really ought to be read singly rather than as a coherent whole. Some essays make a useful contribution to the growing literature and analysis of the East Asian experience of economic development: others provide a worthwhile but more general analysis of trade-related matters. The approach taken by most of the authors is descriptive and qualitative rather than quantitative. Therefore, the book should be accessible to a wide range of readers and deserves to be carefully studied.

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