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**THE ROLE OF ECONOMISTS IN FORMULATING AUSTRALIAN AGRICULTURAL POLICY
IN THE 1950S**

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1 INTRODUCTION

The research area which underlies this paper is concerned with the development of agricultural economics as a discipline, the role of economic theory in the formulation of agricultural policy and the influence of economists in that policy process. This paper looks particularly at the history of agricultural economic thought in the 1950s and considers the formulation of agricultural policy in Australia, and elsewhere, in that period. The debate over agricultural economics and the role of agricultural policy is considered within the broader context of the general changes that have occurred in Australian public policy making and the economics profession.

Agricultural policy is not always precisely articulated. It can simply be a set of guiding principles designed to influence decision making in various public programmes concerned with agriculture. Agricultural policy is also characterised by multiple goals and an important dimension of any policy is the realisation that complex ends may require the manipulation of several control variables, not just simplistic *ad hoc* programmes or courses of action. Furthermore, the goals and objectives of agricultural policy cannot be pursued without due regard to the costs likely to be incurred.

The agricultural economists can contribute to the policy process by exposing the explicit and opportunity costs associated with various courses of action. In addition, they can participate in the wider economic debate concerning general economic and trade policy and not just be content to act as consultants providing specialist information on the agricultural implications of specific public policies.

2 AUSTRALIAN AGRICULTURAL POLICY IN THE 1950s

2.1 FACTORS INFLUENCING POLICY

In the period immediately after the 2nd World War, the agricultural policy in existence in Australia was predominantly a reflection of past experiences. The collapse of commodity prices in the 1930s, plus the fact that commodity-based groups dominated the national farm lobby, meant that policy during the 1950s and 1960s was mainly concerned with price support schemes and income stabilisation. There was little attempt to deal with the broad issues affecting the agricultural sector such as interest rates, tariff levels, productivity, taxation policy and industrial relations. The policy at that time represented the common perceptions of problems facing farmers and it consistently put into place certain courses of action that policy makers believed would adequately meet the needs of the rural sector.

Since the 1920s and 1930s, both the State and Federal governments had established a range of statutory marketing authorities. It was a widely held view that such schemes were necessary to compensate Australian farmers for the higher domestic costs they incurred as a result of tariff protection. Furthermore, because these marketing boards had the power to acquire either part, or all, of the produce of a particular industry, higher domestic prices could be put in place to subsidise increased production for export. With domestic prices set above world prices, domestic consumers were subsidising farmers. By 1950 government agricultural policy had securely established such marketing arrangements for a wide range of commodities, particularly sugar, grain crops and dairy products. In fact, it was not really an agricultural policy at that time; it could more accurately be described as a collection of commodity policies¹.

¹ Interview with Professor K. O. Campbell, September 30, 1998

2.2 ECONOMIC GROWTH

In the 1950-1960 decade, agricultural policy continued in this vein. There was considerable emphasis given to increasing production with a view to exporting more agricultural products and increasing the supply of foreign currency. Australia was experiencing booming economic conditions in this decade. The growth rate of GDP averaged 3.9% per annum over this period and unemployment remained low, as indicated in Figure 1.

Figure 1. Indicators of the boom in Australia: (a) Real GDP (1966/7 = 100)
(b) Unemployment rate

Source: Various sources as quoted in Maddock (1987)

General economic growth in Australia at this time was the result of

- Increased population,
- Expansion of trade,
- Higher levels of investment expenditure, and
- Greater inflows of foreign capital.

Indicator statistics of growth in the agricultural sector are shown in Figure 2.

Source: Various sources as quoted in Freebairn, (1987, pp. 160-161)

Factors contributing to growth in the rural sector at this time were the Korean War boom, improved pastures, and the control of rabbits. In addition, there was increased investment expenditure on equipment in most rural industries, to some extent related to the high rates of return earned by primary producers in the early 1950s². The adoption of new technology contributed greatly to the expansion of agricultural output. Increased mechanisation³ resulted in great improvement in labour productivity whilst the adoption of more scientific methods in the development of seeds, the use of fertilisers, and the control of animal breeding, nutrition and diseases, improved both the quantity and quality of rural production.

2.3 GOVERNMENT ASSISTANCE

There is little doubt that government policy and specific activities of government departments (such as extension services) influenced agricultural development at this time. Agricultural policy had a strong growth orientation and governments continued to invest in infrastructure (particularly roads, railways and irrigation projects), which in turn, gave support to increased rural settlement. Government policy also offered various forms of assistance to primary producers. Assistance through taxation incentives and investment allowances encouraged adoption of the new technology and this contributed to increased capital/labour substitution⁴. Finance, at concessional rates of interest, was made readily available to farmers through various rural credit programmes and this fostered further investment.

Government policy encouraged infrastructure projects (e.g. the Ord River Scheme) and these were often undertaken with scant regard for the costs involved. The consistent aim of policy in the postwar decade was to increase both agricultural production and export revenues. Land, once only considered suitable for sparse grazing, was put to intensive agricultural use producing, for example, fruit, vegetables, cotton, rice and dairy products. Cost-benefit analyses were not properly undertaken to assess the economic viability of such projects and there was very little market analysis to assess whether profitable markets for the increased output existed. Economists would generally maintain that public investment projects should only be undertaken if thorough cost-benefit analyses have been carried out. As economic historian, A. G. L. Shaw argued:

‘Was the \$70,000,000 allotted for the works involved in settling up to 500 families on 200,00 acres on the Ord River well spent for example, when the cotton crop proposed to be grown there could be produced profitably only when either the grower received a large bounty or if trials which ‘looked promising’ *eventually* proved successful? Since more production, employment and settlement might have been achieved by spending this money elsewhere, it is a pity that the ‘parish-pump’ politics, which last century obtained the building of what are now universally recognised as uneconomic railway lines, is sometimes repeated on an even grander (and more wasteful) scale in building uneconomic dams and settlements.’ (Shaw, 1973, p. 196-7)

Government policy supported closer settlement schemes in the post-war period, and these tended to establish farms that were too small to be viable under all conditions. This resulted in increased calls for assistance from farmers who were inevitably inefficient on the smallholdings. Increased investment, carried out as a direct result of the financial incentives obtainable under government policy, had led to an expansion of output, but markets were still very unpredictable. Farmers’ incomes have always been relatively volatile and highly dependent upon both seasonal conditions and strong export demand. Government policy promoting price stabilisation and income stabilisation programmes in Australia was not necessarily the best way to overcome the vagaries of the weather and the fluctuations in the level of overseas demand for our products. These schemes, based on various forms of artificial assistance⁵, may

² Export revenues had increased dramatically with the advent of the Korean War and wool prices had reached dizzy heights. Subsequently inflation and the level of imports increased. A balance of payments problem emerged so the government imposed direct controls on practically all imports which remained in force until 1960

³ For example, tractors, equipment for the bulk handling of grains, milking machines, and cane harvesting machines

⁴ Net farm investment between 1952 and 1960 measured at constant prices was about one-third more than it had been between 1921 and 1940, a period twice as long. (Shaw 1973, p.189)

⁵ Types of stabilisation schemes used in Australia: guaranteed prices, two price schemes, bounties and subsidies, protection from imports, protection from substitutes, production controls, orderly marketing

not have had a huge effect on long-run agricultural development in Australia, but such policies led to inefficiencies in the allocation of resources, both in the private and public sectors due to the distortion of price signals.

3. AUSTRALIAN AGRICULTURAL ECONOMICS IN THE 1950s

3.1 EARLY DEVELOPMENT

There had been little work carried out in the field of agricultural economic research prior to 1945 and there was an urgent need for continuous examination of the various economic problems that confronted Australian farmers. By 1950, agricultural economics had become established in Australia due to the pioneering work undertaken by the Bureau of Agricultural Economics (BAE)⁶. This agency, a division within the Department of Commerce and Agriculture, was given considerable independence as well as direct access to the responsible Minister in the government. It was to work in close co-operation with the State Departments of Agriculture and to undertake continuous and systematic investigations into a broad range of agricultural economic matters. As a result the Bureau was able to provide primary producers with expert and soundly based interpretations of the economic issues affecting their farming activities.

In its early years, the BAE was preoccupied with the implementation of the War Service Land Settlement (WSLS) scheme⁷. It prepared long-term outlook reports for Australia's main agricultural products. These reports were intended to guide decisions about whether the output of those commodities should be increased under the WSLS scheme.

The BAE also carried out investigations at the request of the Australian Agricultural Council⁸ and was generally regarded as a 'fact finding' organisation, not necessarily involved in policy analysis. The Minister for Agriculture had to approve publication of the Quarterly Review of Agricultural Economics, the journal of the BAE. In order to gain ministerial approval, it had to be shown that the agency was merely involved in fact finding and that the journal would not contain reports or papers that were critical of government policy.

3.2 THE ROLE, AND RESEARCH WORK, OF THE BUREAU OF AGRICULTURAL ECONOMICS (BAE)

There has always been considerable debate about the role of the BAE. It was argued by some scientists⁹ that agricultural economists did not do research in the scientific sense and many believed that the BAE was 'not allowed to do research', or was 'told what facts to find'.¹⁰ In its early years, with J. G. Crawford as Director, the BAE became involved in major policy issues. Given the nature of its work and its position in the public service, the BAE was inevitably drawn into policy formulation. It was required to give objective advice on vital issues affecting the rural economy. Crawford was frequently in discussion with government Ministers and he believed that good agricultural economists did not just talk about agriculture. Strong (1957, p. 47) claimed that the Bureau was not a policy-making body but essentially a Public Service agency whose prime function is to service the Department of Primary Industry and the Australian Agricultural Council, and it must give priority to their requirements. In the first decade of its existence, the

⁶ The Bureau of Agricultural Economics established in 1945, was initially designated the Rural Research Division of the Department of Post War Reconstruction. The founding director was J. G. Crawford.

⁷ The proposal for the establishment of the BAE was set out in the reports of the Rural Reconstruction Commission which had been set up during World War 2. The Commission, among other things, considered the reasons for the failure of the land settlement scheme for ex-servicemen following World War 1. Consequently in its report the Commission made detailed recommendations about avoiding a repetition of this disaster.

⁸ The Australian Agricultural Council, established in 1935, was set up to provide for continuous consultation amongst Australian governments on various aspects of agriculture, particularly marketing and economic issues. It consisted of the Federal Minister for Commerce, the Minister in charge of Development, and the State agricultural Ministers. A permanent technical committee was also established. This was to be known as the Standing Committee on Agriculture (SCA) and its function was to advise the AAC on all relevant matters, as well as to initiate, develop and co-ordinate agricultural research throughout the Commonwealth.

⁹ Professor Ian Clunies Ross from the Veterinary School at the University of Sydney held this view at the time

¹⁰ Views such as these have been attributed to various people including T.W. Strong, F. Gruen and F. Grogan.

Bureau's resources were heavily committed to servicing government needs and there was not much opportunity to adequately address the needs of the rural sector in the broader sense.

In its early work, the Bureau of Agricultural Economics:

- Carried out major surveys of particular industries in which expansion of output was being encouraged¹¹,
- Undertook studies to determine the impact on the agricultural sector of the large-scale immigration programme that was reaching its zenith in the 1950s,
- Participated actively in the preparation of the loan proposals submitted to the International Bank for Reconstruction and Development (IBRD) to finance purchases of developmental equipment for agriculture¹²,
- Assisted in the formulation of a set of official agricultural production aims, backed by various policy measures, which were put in place (together with quantitative import restrictions) following the deterioration in Australia's balance of payments, and
- Produced a series of cost of production surveys and cost indexes to be used as criteria for determining price guarantee levels¹³.

During the 1950s, some agricultural economists questioned the relevance and importance of this work being carried out by the BAE (Campbell, 1957 pp. 22-31). Campbell claims that:

...the essence of research is the attempt to confirm or deny hypotheses about the nature of reality. In the absence of clearly formulated hypotheses or models, it is arguable whether what is done is research in the strict sense at all.

Yet in the 1950s the BAE was not involved, to any great extent, in what is known as 'planned purposive research', that is, research planned from the outset to determine the existence or non-existence of specific economic relationships and to measure those relationships¹⁴. This is not to say that some individuals were not extending the boundaries as far as agricultural economic research was concerned. Some researchers¹⁵ were trying to estimate production functions and marginal productivities, as well as introducing new techniques, such as linear programming, at the farm level. But the BAE was yet to embrace fully the research procedure of setting clear objectives for research projects, establishing a theoretical model and collecting data to test that model.

The resources of the BAE were heavily committed, in the early 1950s, to short term enquiries that had immediate policy implications and there were few investigations of longer-term significance. It was not involved, at that time, in providing detailed statistical information concerning farm and export incomes, aggregate expenditure on equipment, changes in the capital structure of farms, factors contributing to increased farm indebtedness, or other matters that influence the long-term viability of farms and efficiency of rural land use.

3.3 CRITIQUE OF BAE RESEARCH

¹¹ A system of long-term contracts with the UK Ministry of Food existed, hence the need for increased agricultural output. In addition, the UK wanted to purchase bulk quantities of Australia's major export commodities at prices well below the world market price. In return Australia would source many of its import requirements in the UK.

¹² At the end of the war Australian agriculture was in a parlous state. Old equipment needed great deal of maintenance and/or replacement. There had been much disinvestment in the 1930s and during the 2nd World War materials and machinery were unavailable. However, until a dollar loan could be obtained from the IBRD, purchases of production requisites were severely restricted under the monetary policy of the sterling area.

¹³ There were many difficulties associated with cost of production surveys because many cost assessments were based on rather unbelievable imputations and very arbitrary valuations.

¹⁴ See footnote in Campbell, 1957, p.24

¹⁵ For example R. Parish, J. Dillon and G. McFarlane in various papers published by the Economic Society of Australia and New Zealand, and the Review of Marketing and Agricultural Economics during the 1950s.

It is possible to critically evaluate the type of work being done at the BAE in the 1950s. The descriptive field surveys undertaken were useful as preliminary steps but such surveys always needed to be followed up with 'intensive analytical investigation'. Such investigative analysis was often not undertaken. The assessments of the impact of immigration and population growth on the consumption of foodstuffs and the export surpluses of agricultural production were long term studies. The results were often based upon crude extrapolations, yet these projections were used to justify certain policy proposals, such as, accelerated depreciation of farm machinery and increased tax deductibility for some capital outlays. The production targets tended to be just pious figures, for insufficient consideration was given to the policy instruments required to achieve such objectives.

The BAE was rather client-oriented in the 1950s and there was still considerable support for the notion of 'agricultural fundamentalism' and the tenets of mercantilism. Any form of assistance to rural industries could be justified if it increased agricultural exports. The BAE's work in determining guaranteed prices for many of Australia's rural products can be directly linked to the fears of Australian farmers that the product price instability that had occurred in the 1930s would return. This meant that the policy makers argued for the continuation or extension of price guarantee and stabilisation programmes.

Crawford, as Director of the BAE, gave his backing to the use of the cost of production criterion for price guarantees in industry stabilisation programmes (Crawford, 1949). Although Crawford stated that there was not necessarily a relationship between the average cost of production and the price fixed by a government authority, he supported the use of cost surveys. He maintained that the relationship between costs and prices could be discerned by careful interpretation of both the purposes of price fixing and of the facts about the structure and behaviour of the industry, which the cost surveys, reveal. There are many problems associated with using costs of production for these purposes not the least of which is the tendency for levels of protection to rise as the gap between the guaranteed prices and international price levels increases. Many economists argue that unit costs are not an appropriate basis on which to fix the price of any agricultural commodity. According to Lewis (1975, p. 422)

"It will be purely accidental if an assessment of Australian wheat-growers' costs coincides with the price called for by the forces of supply and demand in the world wheat trade. Moreover, in the natural process of events, prices tend to exert more influence upon costs than *vice versa* and basing price guarantees on cost assessments initiates a self-amplifying inflationary process."

Lewis outlines several reasons why cost accounting methods have severe limitations when applied to rural industries:

1. Farm enterprises generally consist of various complementary and supplementary activities and it is difficult to allocate costs on proportionate or other arbitrary bases,
2. Many inputs, such as family labour, have low opportunity or alternative use costs and will be seriously overcosted if valued on the basis of wages for hired labour,
3. Valuation of capital inputs and the imputation of associated interest is extremely difficult,
4. Yields are not easily determined given seasonal fluctuations, rapidly changing technology and fluctuations in the level of economic activity, and
5. Official assessments of unit costs of production have little relationship to the price at which growers are prepared to produce as much as can be marketed at remunerative prices (Lewis, 1975, p.422-3).

Price determined in the free market invariably fails to cover the assessed costs of production yet, at the same time, new growers rush into the industries attracted by the high guaranteed prices. Agricultural policy in Australia in the decade after the 2nd World War was dominated by cost of production considerations and unfortunately, such an approach can have harmful consequences. It lowers resistance to cost increases and leads to unnecessary, unreasonable and often unjustified cost increases¹⁶.

¹⁶ At one time, the Primary Producers Union asked the Secretary to the Australian Workers Union, to apply for an increase in the award wages for farm hands. Because the costing formula imputed the costs of farm operators and family labour on the basis of this

Multi-purpose surveys were commonly used by the BAE in the early years, to get information about costs of production and the data so obtained was supposed to also be useful for management purposes. It would be surprising if any nation-wide survey trying to gather information on a wide range of matters, from a group of non-homogeneous farms, would be able to provide worthwhile material for management purposes. It is difficult to obtain information of great depth by the survey method. Also, surveys tend to address too many problems simultaneously. The questionnaires are often designed with a plethora of objectives in mind, none of which could be achieved satisfactorily. Cost of production surveys, used carefully and in conjunction with other data, can be useful in analysing the important relationships between different activities on farms and the economic factors affecting production trends. However, they are deceptively simple if taken at face value (Williams, 1957, p.35). Unfortunately, such surveys were often used, in the 1950s, to determine guaranteed prices for farmers and to draw conclusions about farm efficiency.

Some agricultural economists recognised the urgent need to obtain precise information and meaningful data about the Australian rural economy at this time. The information was necessary in order to gain better insights into the crucial problems facing farmers. Such data could then be used to devise appropriate policy. Research problems needed to be well formulated in advance, with clearly defined objectives and effective research methods.

‘Research workers should be clear what they are trying to determine, and design their field work, their research methods, their techniques of collecting data, their questionnaires and their modes of analysis with that objective uppermost.’ (Campbell, 1957, p. 23)

Farmers needed to be encouraged to analyse data in order to make sound investment decisions, to determine prospective market conditions and to increase efficiency in farm management. In 1957 it was thought that the real role of the agricultural economist had yet to be played in Australia (Crawford, 1957). Crawford (then Permanent Secretary, Department of Commerce and Agriculture) was not referring to sophisticated budgets or linear programming at this time. He wanted farmers to be able to make their own investment and production decisions based on sound economic principles. This required increased agricultural economics education.

4 ACADEMIC TRAINING FOR AGRICULTURAL ECONOMISTS

Farm management studies were not well established in Australia in the 1950s. Yet many believed that fundamental farm management, both research and extension, was the most important field in agricultural economics (Druce, 1957 p. 42). The farm management approach in agricultural extension had been widely adopted in United States but not in Australia. An improved and expanded agricultural extension service was necessary as well as increased academic training for agricultural economists. These services needed to be built up within the agricultural colleges, universities and/or government departments. But there was still a serious lack of adequately trained people. During the 2nd World War the lack of trained agricultural economics personnel had been recognised,¹⁷ but very little had been done to redress the situation since the end of the war. In 1950, academic training for agricultural economists had still not developed within the universities to any great extent.

award, farmers could afford a generous wage policy. An increase in award wages was considered quite unnecessary at that time. Hired labour represented a very small proportion of the work force on many Australian farms due to the high incidence of family labour. Nevertheless, costs would increase and that would justify higher prices for producers (Private correspondence with Professor J. N. Lewis).

¹⁷ The Australian National Research Council called a conference at Melbourne University in 1941 to discuss the training of agricultural economists. It was recognised that there was an urgent need for training and research in agricultural economics. This was highlighted by the immediate shortage of properly trained personnel to assist with the problems of war and reconstruction. The conference recommended that a post-graduate training centre be established and the vice-chancellors' Committee endorsed the general resolution. The issue of government assistance with finance had to be addressed but the discussions were indefinitely postponed when the war situation deteriorated

In the war years early discussions were held in Sydney and Armidale to establish research and teaching in rural subjects at the New England University College (NEUC)¹⁸. In 1946, economist, Dr. James Belshaw¹⁹, Deputy Warden of the University College, produced a pamphlet in which he presented the case “The Need for a Faculty of Agricultural Economics”²⁰ and he outlined a possible four year course for the degree of Bachelor of Agricultural Economics. Belshaw travelled overseas in 1952 to report on teaching, research and extension programmes in agricultural economics in United States, United Kingdom and Europe. He was concerned not only with the need to set up formal training programmes in agricultural economics in Australia, but also to promote NEUC as the centre for such training (Lewis, 1985, p.19). On the basis of the detailed proposals and course outlines contained in Belshaw’s report, a Faculty of Agricultural Economics was eventually established at the University of New England in 1956 and the staff appointed to take up duty in 1957²¹. However, Sydney University actually made the first permanent academic appointment specifically in the field of agricultural economics in 1951²².

In the early 1950s studies in agricultural economics were undertaken either in the Faculty of Agriculture, (Sydney University, and University of Western Australia²³) or in the Faculty of Economics/Commerce (Adelaide University²⁴). The relationship between Agricultural Science and Agricultural Economics and between Economics and Agricultural Economics was somewhat contradictory in the 1950s. On the one hand, scientists working in agriculture were becoming increasingly aware of the economic aspects of their activities, whilst general economists tended to concentrate on their own discipline. Williams, (1957, p.38) claims that there had been ‘gross neglect on the part of the academic economists, of the special problems of rural industries.’

4.1 AGRICULTURAL ECONOMICS AT SYDNEY UNIVERSITY

Agricultural Science students within the Faculty of Science or Faculty of Agriculture at Sydney University had always been required to study some agricultural economics as part of their four year degrees. At first these subjects were referred to as Agriculture I and II, and Economic Science Applied to Agriculture which was a fourth year subject. In 1939 Agricultural Economics was listed as an Honours subject in the fifth year; essentially a postgraduate course for agriculture students. However, it was not until 1942 that both the undergraduate and postgraduate units were actually listed as Agricultural Economics in the University Calendar. J. G. Crawford was employed by the Faculty of Economics at Sydney University in 1940-42 to teach Rural Economics²⁵. In the early 1950s, S. J. Butlin (from the Faculty of Economics) and K. O. Campbell (from the Faculty of Agriculture) were listed on the teaching staff of both faculties and this was an indication of the interconnection between the two disciplines.

The course in agricultural economics for agriculture students at Sydney University changed considerably in the late 1940s and the early 1950s. Several factors influenced the changes:

¹⁸ A proposal was put forward by the Primary Producers Union for a faculty of rural economy to be set up at NEUC. Such a faculty had been a goal of the NEUC ever since its establishment in 1938 (Lewis, 1985, p.17)

¹⁹ J. P. Belshaw was a New Zealander who had a Master of Arts from University of New Zealand and a Ph.D. (Economics) from the University of Manchester. He had been employed as an economist in the Department of Labour before being one of the first appointments to the NEUC.

²⁰ The New England University College published this pamphlet more formally in 1946. They argued that the need for such a faculty was emphasised by the importance of rural industries in the prosperity and progress of Australia. Existing Faculties of Economics were more concerned with industrial, commercial and financial issues, not the problems of the man on the land.

²¹ J. N. Lewis, an Associate Director of the BAE, who had trained in the USA under J. D. Black at Harvard, was appointed Professor and Will Candler, a Ph.D. from Iowa State University, was senior lecturer.

²² In 1948 the University of Sydney was offered a grant from the Commonwealth Bank Rural Credits Development Fund to establish a chair in agricultural economics, (much to the disappointment of the New England enthusiasts). An appointment of a Reader (K. O. Campbell) was made in 1951, and in 1956 Campbell became the first Professor of Agricultural Economics at an Australian university.

²³ In 1950, the University of Western Australia appointed a Research Fellow in Farm Management, H. P. Schapper, again financed by the Rural Credits Development Fund of the Commonwealth Bank. This was upgraded in 1956 to a permanent position of Reader in Agricultural Economics

²⁴ In 1956, F. G. Jarrett, formerly a Lecturer in Economic Statistics at the University of Adelaide, took on the responsibility of teaching agricultural economics at that university.

²⁵ Until 1951, the Faculty of Economics supplied the part-time lecturers in agricultural economics. In the early 1940s there was some discussion about introducing economics into the Agricultural Science degree and the subject was originally referred to as Rural Economics.

1. The Australian National Research Council (ANRC) subcommittee on agricultural economics had promoted considerable interest in the subject among academics, politicians and bureaucrats in the early 1940s. This committee had presented a proposal for an Institute of Agricultural Economics to the Australian Agricultural Council, but it was not agreed to. They had approached the Council for Scientific and Industrial Research (CSIR) suggesting there should be an agricultural research unit within their organisation, but it was rejected. They had called a conference at Melbourne University to discuss the training of agricultural economists. Although none of these initiatives were ultimately successful, the ANRC had raised the profile of agricultural economics.
2. The entry of Japan into the 2nd World War in 1941 foreshadowed the growth of a Federal agricultural bureaucracy. The inadequacies of training in agricultural economics in Australian universities were clear when experts were required to help tackle the problems of war and reconstruction. It was finally recognised that specialised economic and technical advice regarding agricultural issues was vital during wartime, but also important under peacetime conditions.
3. The Rural Reconstruction Commission (RRC) had stimulated widespread public interest in the economic aspects of agriculture. The ten reports of the RRC, published between 1943 and 1946, dealt with many of the issues that were of concern to agricultural economists and it recommended that government support should be given to research activities in agricultural economics.
4. The Commonwealth Bank, through the Rural Credits Development Fund (RCDF), had frequently made grants in support of agricultural research projects. This fund offered the University of Sydney a substantial sum to establish a chair in agricultural economics in 1948²⁶. The University determined that the chair should be at Sydney, not at the New England University College, and in the Faculty of Agriculture, not Economics.
5. The eventual appointment of the first permanent staff member in agricultural economics at Sydney University in 1951.

Studies in agricultural economics at Sydney University had, by 1950, been divided into 3 units - Agricultural Economics I, IIA and IIB. Units I and IIA covered the general principles of economics with special reference to agriculture and forestry, as well as the theory of national income determination and its policy applications. Unit IIB was concerned specifically with agricultural policy. (See Appendix I for detailed course outlines and examination papers in these units for the 1953 academic year)

The grant from the RCDF to Sydney University had stipulated that the holder of the research position in agricultural economics was to undertake original research, and to widely disseminate the research results for the benefit of everyone involved in agriculture. (See Appendix II for information about the 1953 research activities of Campbell as Reader in Agricultural Economics)

The RCDF, through its funding of specific research projects in agricultural economics, contributed significantly to postgraduate training in the field. This was an important factor in the development of agricultural economics research and training because funds from industry were mainly directed towards production research, not projects with an economic or marketing orientation (Campbell, 1983, p. 44). The vital support of the Commonwealth Bank and the RCDF to the growth of agricultural economics research can be attributed, to some extent, to the influence of economists employed at the Bank. Dr. H. C. Coombs, the Bank's governor, L. G. Melville, the Bank's economist and L. F. Giblin, a member of the Bank's Board and Research Professor at Melbourne University, were all prominent economists. They had participated fully in the formulation and implementation of economic policy before, during and after the 2nd World War. The Bank also employed two of Australia's early agricultural economists, A. McIntyre and I. Butler, in its Rural Liaison Service (Lewis, 1985, p.22).

4.2 AGRICULTURAL ECONOMICS AT UNIVERSITY OF NEW ENGLAND

²⁶ According to Campbell (1983, p.41) this offer to fund the first permanent university appointment in the discipline and the first Australian chair in the subject, stands as the largest single grant ever made from the Rural Credits Development Fund (RCDF). The role of the RCDF in making possible the entry of agricultural economics into academia is without parallel in this country and indeed possibly without parallel in the world.

As mentioned previously, Dr. James Belshaw provided most of the early thinking on the proposed development of agricultural economics at The University of New England. J.G. Crawford was also a supporter of the proposal and he assisted with the detailed planning for the agricultural economics courses as well as making recommendations to the Advisory Council about staffing and the teaching programme. Although these plans were made, finance was lacking. After a successful application had been made to the Commonwealth Bank in 1956, funds were made available and the first two appointments made in 1957. (Campbell, 1960, p. 212) It was only financial problems that prevented the University of New England from becoming the first Australian University to offer a program in agricultural economics.

With the establishment of a separate faculty specifically for Agricultural Economics at the University of New England (UNE) a new four year degree course began in 1958 with twelve students, drawn from all over the country. Lewis (1985, p.23) maintains that the course was not narrowly vocational because it was designed to equip graduates for a wide range of careers both within the agricultural sector, and in other areas. The graduates were basically economists with specialised training in the economics of agriculture and some emphasis on quantitative analytical techniques. (See Appendix III for an outline of the Agricultural Economics degree at UNE) Later a postgraduate diploma course was introduced to provide for those students who had a first degree in agriculture or rural science. (See Appendix IV)

Right from the start, the course at New England was innovative. It was specially designed to meet what was a glaring need for increased training opportunities for agricultural economists in Australia. Some believed that the only satisfactory way to train an agricultural economist was to superimpose a course in economics on to an agricultural science course²⁷. Others were not sure what the content of an effective curriculum in agricultural economics should be (Drummond, 1959, p.96). Was it a technical course in the marketing of primary products, or was it a course seeking to derive rules for successful farming by interpreting the data obtained from farm surveys and farm record books?

At New England they adopted 'a conditional normative approach using such tools as budgeting and linear programming despite the fact that (their) grant from the Bank specified research to discover the factors determining profitability' (Lewis, 1985, p. 25). Professor Lewis was determined to reject the view of agricultural economics as a form of cost accounting based on naïve empiricism. He wanted to train students in such a way that, as agricultural economists, they would be able to give farmers guidance about improving economic performance and not be preoccupied with cost surveys. The graduates would be basically economists, with specialised training in the economics of agriculture and some emphasis on quantitative analytical techniques. In the course there were units not offered elsewhere, for example, Rural Sociology, Public Administration, Economic Statistics/Econometrics, Political Economy, and it was the first agricultural course to include Pure Mathematics.

Although the course at UNE followed that which Crawford and Belshaw had mapped out a few years before, the content and philosophy were different²⁸. It was a reflection of Lewis's own training that UNE did not simply follow the comparative/ farm management approach²⁹. He had been a student of John D. Black at Harvard. Black's significant contribution to agricultural economics had been his application of Marshall's *Principles of Economics* to agricultural production economics. In addition, Earl Heady's renowned text, *Economics of Agricultural Production and Resource Use*, in which production economics was presented in a Hicksian framework, was published whilst Lewis was at Harvard and received wholehearted praise from the academic community. T. Schultz, from Iowa State University and later Chicago, also influenced Lewis. Schultz was the first agricultural economist to build a comprehensive theory based on an overall vision of agriculture's problems³⁰. Schultz maintained that the economic fortunes of farm people were tied to the economic performance of, and the industry and trade policies adopted in, the wider community. Throughout his academic career he promoted the involvement of

²⁷ Such a view was held by Dr. T. Strong, Director of the BAE, 1950-1958

²⁸ Interviews with Professor J. Lewis, September 7-9, 1999

²⁹ For a time there was a Department of Farm Management at UNE and John Dillon was appointed professor. Lewis claims this was done in order to obtain the staffing they wanted, given the inflexible rule of one professor per department (Lewis, 1985, 9. 24).

³⁰ Private correspondence with Professor J. Lewis

general economists in agricultural problems and pursued his research goals through advice to organisations and committees in United States and abroad (Wills, 1999, p.130). Lewis made the book by Schultz: *Agriculture in an Unstable Economy*, a key text for undergraduates at UNE.

In addition to developing an innovative course, Professor Lewis encouraged the staff at UNE to be active researchers, particularly research into the production and marketing of farm commodities, as well as research into other economic and sociological problems facing rural communities (See Appendix V). The New England course proved to be highly successful, far beyond early expectations. The Department of Agricultural Economics³¹ achieved an excellent standing in academic circles and an enviable reputation, both in Australia and overseas, for producing high quality, and very professional graduates³².

Although agricultural economics was being taught at the University of Western Australia from 1951, and the University of Adelaide from 1956, few appointments were made in other Australian universities until the late 1950s. Financial constraints were removed to some extent after the report of the Murray Committee on Australian Universities was published in 1957. The Commonwealth Government became involved in university funding and, as a result, more agricultural economics members of staff were appointed. In 1958-59, permanent positions were finally established at the University of Queensland and the University of Melbourne and a post of research fellow was created at the Australian National University. By 1960, there was at least one academic economist in all the mainland states and the ACT (Campbell, 1960, p. 213).

4.3 UNIVERSITY AGRICULTURAL ECONOMICS RESEARCH IN THE 1950s

Considerable progress had been made in increasing and improving the training of agricultural economists in Australia by 1960, yet the research quantum being undertaken in the name of agricultural economics was low. It was stated, in 1957, that:

‘The universities are just beginning to make an impact on Australian agricultural economics research. ... it is to the public interest to foster independent social science research in academic institutions. This applies particularly to objective research into controversial aspects of public policy. The detachment of universities from the pressure groups that seek to affect rural life, combined with a long tradition of academic freedom, facilitates consideration of issues involving conflicts of interests and values. Unfortunately this point is not fully appreciated in Australia.’ (Campbell, 1957, p.30)

The approach to agricultural economics in Australia from 1945-1960 was dominated by the fact that it was mainly in the hands of an agency within a government department, the BAE. This meant that the majority of the work was in the nature of a service (Williams, 1957). The BAE surveys fostered a commodity by commodity approach and placed undue emphasis on cost accounting. There was very little critical evaluation of government activities. Agricultural economic research into such matters as the impact of marketing boards on production and distribution, the economic implications of land settlement schemes, and the effectiveness of price policies, was not forthcoming in the 1950s. This is not to say that the BAE was subject to political interference or directed as to the conclusions it should draw. But it does raise the issue of whether the BAE was a research body, or an organisation committed to administrative and governmental advisory work (Maiden, 1963, pp. 6-7). Although the BAE grew rapidly in its early years and had a large, well-qualified staff, much emphasis was placed on investigative work with policy implications, and limited resources were devoted to more fundamental longer-range problems. But, as Maiden states ‘most of its advising is based on its research work’ and the BAE’s work involved far more

³¹ The original Faculty of Agricultural Economics became a Department within the Faculty of Economic Studies in 1970. The Department name changed to ‘Agricultural Economics and Business Management’. In 1992, the Faculty became the Faculty of Economics, Business and Law, and the Agricultural Economics and Business Management Department was ultimately subsumed into the Department of Economics.

³² Some well known agricultural economists/economists who graduated from the UNE Department were J. Freebairn, A. Chisholm, G. Edwards, A. Watson, J. Quilkey, J. Longmire, W. Griffiths, R. Piggott, K. Anderson, R. Richardson, D. Godden and G. Miller, to name just a few.

than mere fact finding. It is always difficult to distinguish between 'fact-finding' and 'research' and at the BAE, Maiden believes the staff was aware that they could not merely produce narrow answers when carrying out particular studies. They had to consider their work within the broader context of the agricultural, economic and trade policies in existence at the time³³.

Professor Campbell (1960, p. 215) was critical of the state of agricultural economics research at the end of the 1950s claiming little had been achieved, and most of the research had been descriptive rather than analytical.

“ one is disposed to say that great progress has been made. But in terms of research accomplishments, in terms of the meagre resources still devoted to agricultural economics in the State Departments of Agriculture and the universities of the Commonwealth, and in terms of the rate of growth of other fields of agricultural research, the observer must needs say the development has scarce begun. That this should be so in a major primary-producing country, given the economic complexities of rural production and marketing in the modern world, remains one of the perplexing questions of our time.”

There has always been much debate about the orientation and direction of economic research, agricultural or general. Should the research be devoted to higher mathematical analysis, or should the research reflect the fact that economics is a social science and one that deals inevitably with human activities, including all the real world complexities and interdependencies that such activities entail (Keynes, 1936, p.298). Agricultural economics research activities have been generally undertaken in response to the particular political, social and economic problems of the time and the need for assistance in solving them (Brandt, 1955, p. 794). In Australia this led to a concentration of research into, for example, production costs, the role of agriculture in the balance of payments, the nature of agricultural investment and its relationship to productivity, and the problems associated with recurring droughts. These studies have no doubt made a contribution to understanding of these problems but Campbell believed, in 1960, that there was a need to carry out far more fundamental research into the economic aspects of Australian rural industries (Campbell, 1960, p.216).

5 INFLUENCE OF ECONOMISTS IN THE FORMULATION OF AUSTRALIAN AGRICULTURAL POLICY IN THE 1950s³⁴

5.1 IMPORTANT ECONOMISTS IN THE 1950s

It is impossible to talk about economists who influenced Australian agricultural policy at this time without referring to J. G. Crawford, clearly the foremost economist working in the field of agricultural policy in the post war period. He made an outstanding contribution by creating the Bureau of Agricultural Economics and, through his drive and vision, promoting its early growth. According to Maiden, one of Crawford's Associate Directors at the BAE 'Only those in the Bureau in its early days can adequately realise how much its success or disappearance rested on the efforts of one man' (Maiden, 1963, p. 6).

Crawford was Director of the BAE from 1945-1950 but had worked with H. C. Coombs in the Department of Post War Reconstruction as Research Director from 1943-1945. It was in this capacity that he had worked with the Rural Reconstruction Commission and assisted with the writing of the pioneering 10th Report on commercial policy in relation to agriculture. The Report discussed problems associated with domestic economic policy and the way in which it affected primary industries, proposed comprehensive

³³ Criticisms about the work of the BAE and whether it was 'fact finding' or 'research' would carry little weight today. The Australian Bureau of Agricultural and Resource Economics (ABARE), formerly the BAE, makes a significant contribution to the profession of agricultural and resource economics. The quantity, quality and relevance of its output is evidence of that. (Private correspondence with Professor J.Lewis.)

³⁴ In my research work, I have previously presented papers in which I referred to economists who were influential in the 1930s and 1940s. In this paper I am concentrating on the 1950-1960 period

changes in the organisation of the farming industries and reviewed Australia's external economic policy as it affected the primary industries. In working with Coombs, Crawford was close to the economic planning of the Australian economy which was put in place in the course of post-war reconstruction. This planning was reflected also in the Full Employment White Paper published in 1945 in which the Federal Government

virtually accepted responsibility for managing the national economy.

Crawford was no doubt affected by these experiences in the 1940s. In the 1950s, when he was Secretary to the Department of Commerce and Agriculture, he made many pronouncements about agricultural policy. The policy at the time was one of unmitigated expansion. Yet primary production had failed to keep pace with total economic needs since the end of the war (Crawford, 1952, p.9). Crawford concludes that the disappointing performance of the rural economy at this time was due to inadequate supplies of fertilizer and general farm requisites, as well as shortages of basic equipment. By the end of the 1950s this failure of agricultural production to expand as a faster rate assumed greater proportions due to rapid population growth. Not only did Australia need to feed herself but also earn enough export receipts to buy necessary imports. Whilst recognising the production aims of Australia's agricultural policy, Crawford also noted the important welfare aspects of policy, such as equality for farmers, and believed that Government was not adequately dealing with these issues. Crawford was an interventionist and in 1952 he was arguing for more intensive land use and farm amalgamations, increased rural credit for private developmental activity, and increased public investment in infrastructure. He described agricultural policy making in Australia as one of 'planning' (via the Australian Agricultural Council) yet was also happy to see it proceed 'piecemeal fashion', letting individual circumstances influence the nature of the policy action to be planned (Crawford, 1952, pp. 47-51)

K. O. Campbell was the first permanent academic appointment in Agricultural Economics at an Australian university and was one of the most important contributors to the growth of the discipline in academia. He was also one of the driving forces behind the establishment of the Australian Agricultural Economics Society in 1957. He graduated from Sydney University in 1942 as Bachelor of Science with 1st class honours in Agricultural Economics, a course taught by J.G. Crawford at the time. At first Campbell worked as a research officer/principal research officer, in the Division of Marketing and Agricultural Economics with the NSW Department of Agriculture. He then became a research fellow from 1946-1949 at both the University of Chicago and Harvard University and obtained a Ph. D. and Master of Public Administration respectively, from those institutions.

The Research Chair in Agricultural Economics at Sydney University was advertised in 1951 but the Professorial Board did not consider any of the applicants were entirely suitable³⁵. The Board recommended that Dr. K. O. Campbell be appointed as a Reader in Agricultural Economics. This may have been due to some reluctance on the part of the University to allow a decline in traditional university values by introducing 'useful' courses such as agricultural economics into the curriculum³⁶. Eventually, at a meeting in 1954, the Senate approved the recommendation that Dr. Campbell's application for the Research Chair be reconsidered 'when his present research and projected plans are further advanced'³⁷. It was not until the Professorial Board meeting in November 1956 that Campbell was finally appointed Australia's first Professor of Agricultural Economics.

Campbell studied under T.W. Schultz at Chicago and J. D. Black at Harvard and would have been influenced by their ideas and example. Theodore Schultz graduated as M.S. and Ph.D. from the University of Wisconsin and then served as Head of the Department of Economics and Sociology at Iowa State College. He left Iowa under controversial circumstances in 1943 and joined the Department of Economics at the University of Chicago³⁸. Schultz became department chair in 1946 and proceeded to

³⁵ There were 14 applicants including K.O. Campbell, R.S.G. Rutherford, D.B. Williams and A.A. Dawson

³⁶ Comments attributed to certain staff in the arts, and physical and biological science faculties

³⁷ Notes from minutes of Senate meeting 6th December, 1954

³⁸ Schultz and 14 other social scientists from Iowa State resigned over the issue of academic freedom. The social sciences at Iowa had established an enviable reputation for scholarship and independent research. Many of the faculty members did not consider their work

build up the department to be one of the leading centres for training in agricultural economics in United States, at the same time maintaining its prominent position in more formal economics. As previously mentioned, Campbell obtained his Ph.D. from Chicago at this time.

The training that Schultz received at Wisconsin³⁹ meant that he was a product of a vigorous programme in economics. As a result, he believed it was important to develop a greater understanding of the role of economics among students and staff and led all who worked with him to analyse what and how they taught. Under his leadership, a broad and active programme of research, teaching and extension was developed at both Iowa and Chicago⁴⁰. Schultz also gave strong emphasis to the application of economic and statistical theory to agricultural economics and this may explain Campbell's consistent interest in more analytical research being undertaken within Australian agricultural economics. The strong research and graduate centre in agricultural economics that Schultz established at Chicago was perhaps a model for Campbell's activities at Sydney University.

Professor Campbell's particular interest was always the study of agricultural policy and he had a profound influence through his teaching, writing and participation in public debate, on the development of agricultural policy. Most of his students went on to become either professors of Agricultural Economics /Economics in Australian universities, or economic policy advisors within the public service or industry in both Australia and overseas.

Campbell was never afraid to voice his criticisms of public policy. He would refer to 'this cost of production nonsense', and argued that, instead of pursuing the comparative method of farm management analysis through cost surveys, it would be better to undertake more analytical research. He also believed there were many 'myths' associated with closer settlement schemes and the emphasis should have been on better use of the land already being farmed, not in trying to settle more people on the land. Campbell maintained that closer settlement was a crude and unsatisfactory way of trying to achieve a more equitable distribution of income (Campbell, 1967).

Although he supported the establishment of the Commonwealth Bureau of Agricultural Economics, Campbell was very critical of the institutional environment within which the BAE worked. He doubted the ability of the BAE to provide independent, objective and quality, in-depth research within the structure of a government department (Campbell, 1960, p. 215).

J.N. Lewis was appointed Professor and Dean of the Faculty of Agricultural Economics at the University of New England in 1957. In this capacity he gradually built up a centre for agricultural economics which succeeded beyond all expectations and one which earned an enviable reputation both in Australia and overseas. Lewis trained at Sydney University, and at Harvard under J.D. Black, and had worked as Assistant Director at the BAE for 10 years prior to his appointment. He had gained considerable experience in agricultural economics research and was concerned that many agricultural economists tended to become too close to their farmer clientele. It appeared therefore, that much of the work done by agricultural economists was primarily in the interests of the farm lobby groups⁴¹. Lewis was determined to overcome the view of agricultural economics as merely a form of cost accounting with surveys and farm record keeping studies being carried out to discover the factors influencing productivity. He claims that when he took up duty at UNE many of his associates in the Faculty of Rural Science saw the function of agricultural economists to be one of running a cost/benefit rule over new farming practices. If they passed the test, such practices would then be suitable for dissemination by agricultural extension workers⁴². Lewis believed that this was the wrong extension philosophy and completely rejected this comparative approach.

was undertaken simply to satisfy organised agricultural pressure groups. The Iowa Farm Bureau and the powerful agricultural lobby opposed the rigorous investigative policy of the economics department.

³⁹ Economics staff at Wisconsin included B.H. Hibbard, H.C. Taylor, and J.R. Commons.

⁴⁰ Biographical notes of T.W.Schultz are taken from the Journal of Farm Economics

⁴¹ Shades of Schultz' problem at Iowa

⁴² Private correspondence with Professor J. Lewis

Lewis opted for a separate Faculty of Agricultural Economics at UNE judging that this was the best way of gaining the freedom to set up a four-year undergraduate programme specifically for the agricultural economics profession. It was not like any other course on offer and was soon recognised as being a course that produced well-equipped practitioners of the subject. It was not narrowly vocational which was probably a reflection of J.D.Black's influence over Lewis's ideas.

John Donald Black received his Ph.D. in agricultural economics from the University of Wisconsin in 1919. His earlier studies had been in the liberal arts with a B.A. and M.A., also from Wisconsin, in 1909-10. By the time he came into agricultural economics, Black had developed a strong belief in the value of language, mathematics, and other basic academic disciplines to later professional specialisation. As Professor of Agricultural Economics at University of Minnesota from 1918-1927 Black became a leader in the discipline. He changed the emphasis in agricultural economics from one of farm management and agricultural marketing to one that incorporated the valuable analytical tools of general economics. Black went to Harvard in 1927 and for nearly 30 years was the doyen of American agricultural economists. He became increasingly involved in the difficult and controversial debates about farm policy at the time and participated fully in the development of such policies in USA⁴³. Black was an influential policy adviser but he always claimed that if an economist was to remain effective, he must avoid becoming a committed advocate of particular policy choices and must not see his success or failure only in terms of whether his advice is taken. He saw the economist's role as analysing and appraising the alternatives⁴⁴. Lewis carried on this view of agricultural economics at both the BAE and the University of New England.

Dr. T.H. Strong was Director of the BAE from 1950-1958. He was an agricultural scientist/entomologist who had worked on pasture improvement at the Waite Institute before serving in the Air Force. After the war he undertook postgraduate studies in public administration and agricultural economics at Harvard. He held the view that a properly trained agricultural economist must have qualifications in both agriculture and economics and believed that he had a unique combination of skills in both fields.

Although a brilliant man and a perceptive critic, Strong was undisciplined and had a tendency to forcefully advocate particular policies rather than maintain the independent role of adviser. This threatened the effectiveness of the BAE because it was seen to be giving partisan or inconsistent advice to policy makers. It was alleged at one time that Strong maintained the BAE was prohibited from carrying out research and had to find facts to order at the behest of its political masters although this cannot be confirmed. He was not an economist, yet Strong had some influence on agricultural policy as Director of the BAE. He managed to secure finance to reinvest in agricultural machinery, clear brigalow country, and subsidise the cotton industry. These larger scale projects appealed to him because politicians were attracted to grandiose schemes and Strong had never been able to build up the same contact with government ministers that Crawford achieved.

F.H.Gruen was another prominent agricultural economist in Australia in the 1950s. Gruen had an Arts/Commerce degree from Melbourne University and was then recruited into the NSW Department of Agriculture as a research officer. In this NSW Department, the Division of Marketing and Agricultural Economics had an excellent reputation for economic advice and conducted commendable research. Whilst Gruen was employed there he did postgraduate studies at the University of Wisconsin and then at Chicago under T.Schultz. Gruen has stated that Chicago was a most stimulating environment to work in and he was fortunate to be taught by, or could listen to, five economists who later received Nobel Prizes for Economics – Arrow, Friedman, Hayek, Koopmans and Schultz (Gruen, 1998, p. 181).

At Chicago, most of the economists disdained the ideas expressed in Keynes' *General Theory* and the theory of monopolistic competition. Microeconomics was treated much more rigorously and applied to real world problems. Gruen enjoyed this atmosphere because it represented an intellectual challenge to his own ideas. An exceptionally productive agricultural economist in the fledgling years of the discipline in Australia, Gruen had an abiding concern with applying economics to real-world policy problems. He was

⁴³ Biographical notes of J.D. Black are taken from the Journal of Farm Economics

⁴⁴ Private correspondence with Professor J. Lewis

interested in quantitative economics and was quick to recognise the advantages of the new computer technology in applied economic problems. With his questioning and critical attitude, Gruen made an important contribution to the formation of the agricultural economics profession in Australia and gave great leadership to the young people entering the profession. The agricultural economists in the NSW Department published reports of their research findings in the *Review of Marketing and Agricultural Economics*, a departmental journal of very high professional standing, due mainly to the involvement of Fred Gruen⁴⁵.

5.2 POLICY INFLUENCE OF ECONOMISTS

It is difficult to judge the influence economists have had because policy is developed over an extended period of time. The publications or public pronouncements of economists about the policy issues are also spread over time. It is sometimes only after the policy has been formulated that economists assert that they had previously expressed a certain view on a particular subject. It is often not possible to determine whether they had actually influenced the policy or not.

One powerful element of economists' influence upon policy decisions is the relationship they manage to forge between themselves and the administrators (that is, the responsible Minister, his permanent Head, and other officials in his department). J.G. Crawford's dominant influence in Australia's agricultural policy in the fifties owed much to the close working relationship he enjoyed with J. McEwen, Minister for Commerce and Agriculture and later Minister for Trade. Crawford argued in the 1950s, that administrators do take notice of economists when 'economic' questions such as trade, budgets, savings and investment, employment, pricing and national income are being discussed. At that time governments in Britain and Australia had absorbed the Keynesian revolution and this meant that the administrators shared a common way of thinking about economic problems. On the other hand, Crawford also claimed that administrators often did not listen to economists because many questions in the area of public policy are unable to be answered in economic terms alone. He felt that economic theory was often so remote from public policy that administrators could no longer read what passes for economics, so much of it being exercises in mathematical logic. Administrators will only take notice of the economics they can read. Economic exponents must address themselves directly to the public issues in order for administrators to take notice of economics. In the same way administrators must clearly designate the issues on which they welcome discussion and policy advice from economists. Economists can also influence policy by contributing to the general policy debate and Crawford expressed the view that economists should be encouraged to move in and out of business and government. When working in research institutes or universities economists could engage in more direct and open study, and discussion, of the economic problems which face public policy makers (Crawford, 1957).

Lewis believed that the economic advisers who worked at the BAE in the 1950s did have considerable influence on policy. The BAE's farm survey and index data, its analyses of commodity market trends, and the other information it published, provided the indispensable material for an informed discussion of agricultural problems and policy issues. The agricultural economists who worked there in the early years were inevitably drawn into the policy debate. The Minister (McEwen) provided adequate protection to those providing him with analysis and advice, and he was prepared to take responsibility for decisions made. He did not allow the critics of unpopular measures to strike at his 'wicked advisers'. McEwen made it clear to all who worked at the BAE that he wanted a straight economic analysis of the alternatives, not a political point of view.

Australian agricultural policy has been influenced by the fact that many of our agricultural economists trained in the United States. After the end of World War 2, there was an increase in the number of Australian postgraduate students who went to American universities for training in agricultural economics and there is no doubt that the Australian profession benefited from this international influence. The most popular US institutions were Chicago, Harvard, and Iowa, and at these universities the Australians were

⁴⁵ Biographical notes of F.H. Gruen are taken from the Australian Journal of Agricultural and Resource Economics, Vol. 42, June 1998

exposed to the ideas of such visionary economists as T. Schultz, J. Black, E. Heady and D. Gale Johnson. These economists advocated the application of economic principles to the problems of agriculture and encouraged the synthetic, model building approach. This involved the use of production functions, linear programming and emphasis on the decision making process. These concepts were brought back to Australia and incorporated into agricultural economic research in the 1950s.

Other universities in the US, namely Cornell and Illinois, took the comparative approach and some Australian postgraduate students attended these universities. Farmers were usually supportive of the cost surveys undertaken under this comparative approach. It showed that some farms did well and some farms did poorly. This approach to the economic problems of rural industries did not offer any guidance to farmers about how to improve their performance. It resulted in too many generalisations and too few intensive analytical investigations. In Australia the comparative approach had its supporters and some agricultural economists sought to derive rules for successful farming by manipulating data from farm surveys and farm record books. There was much rivalry between the two approaches in the United States but this was not transferred as much to Australia. Ultimately, most Australian agricultural economists supported the more rigorous analytical approach.

6 CONCLUDING REMARKS

The profession of agricultural economics has grown a great deal in the last fifty or so years. From a slow start in the 1920s and 30s it has developed into an area which is well regarded and well established in government, academia and industry. Agricultural economists have deservedly built up an excellent reputation within Australia where they are recognised as being highly skilled at applying economic theory to real world problems. They are highly influential members of various government agencies, industry bodies and departmental divisions, where they have important policy-advisory roles. By the end of 1950s it was hoped that the leading agricultural economists would become more involved in policy formulation. The profession needed to broaden its horizons and not be labelled merely as a narrow field of applied economics. The importance of the agricultural sector and the complex nature of rural economic problems warranted more than that.

The research area which underlies this paper is concerned with the development of agricultural economics as a discipline, the role of economic theory in the formulation of agricultural policy and the influence of economists in that policy process. Future work will continue to look at the development of agricultural policy and agricultural economics in Australia in the rest of the twentieth century and further analyse the contribution of leading economists who may have influenced policy in that period.

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