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The Industrial Organisation of the Australian Agricultural Economics Society¹

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There has recently been much soul searching among US agricultural economists concerning future directions of the American Agricultural Economics Association. In Australia, however, little direct attention has been paid to the Australian Agricultural Economics Society. Utilising an industrial organisation framework, this paper seeks to investigate issues pertaining to the structure, conduct and performance of the Society. To that end, a survey of members was recently undertaken. This information, along with the views of Past Presidents of the Society, minutes of previous Annual General Meetings and student feedback on the future direction of the profession, is used as the main database for the analysis. The results suggest that, while demand for the product mix is generally strong, supply constraints are impinging on the performance of the Society. Alternative approaches to overcoming these constraints are explored.

1. Introduction

The external environment impinging on the agricultural economics profession has been widely studied previously by a number of the members of the Australian Agricultural Economics Association (AAEA) (Bromley; Houck; Schuh; Paarlberg; Beattie 1991, 1992; Just and Rausser). This literature has highlighted the nature of forces underlying the eventual decline of agriculture and agricultural economics associations and suggested various strategies to foster the profession's legitimacy, relevance, vitality and growth. Following Coase, who argued that the very existence of the firm was the result of the authority or command features of its internal organisation, we propose that factors internal to the profession also warrant critical assessment to ensure future survival.

The purpose of this paper is to examine the internal landscape of the Australian Agricultural Economics Society (AAES) and to provide insights on its organisational structure^{2,3}. The main database for the analysis includes surveys of both members and Past Presidents of the Society, the AAES Constitution and minutes from all the Annual General Meetings (AGMs) since inception. Fourth year students in Agricultural Economics at the University of Sydney in

1994 were also asked to reveal their views on the future of the profession, yielding a fifth source of information.

The member survey was conducted in October/November 1994 and involved sending a two-part mail questionnaire to 535 members of the AAES. A reminder letter was also sent to members. In total we received 141 replies to the first part of the survey to be analysed here, giving a response rate of over 26 per cent, which was considered good given the length and complexity of the survey. At the same time, 20 Past Presidents were sent a separate (and shorter) survey to canvas their views on the Society and some of the iss-

Department of Agricultural Economics, The University of Sydney. An earlier version of this paper was presented at the 39th Annual Conference of the Australian Agricultural Economics Society held at the University of Western Australia, 14-16 February, 1995. We would like to thank the encouraging number of members who took the time and effort to reply to our long survey. In addition, we are grateful to the Past Presidents who responded to an additional survey, and the group of people who provided comments on a pilot study. We would also like to thank Andrew Arch and Vic Wright for their responses to our numerous requests for information, and David Matruglio for his assistance in processing survey responses. Finally, we gratefully acknowledge useful comments and suggestions from Craig Freedman, Christopher Locke, Roland Stanmore, Stephen Whelan and an anonymous referee for the Review. The usual caveats apply.

¹ The name of the Society changed to the Australian Agricultural and Resource Economics Society (AARES) in August 1995. Accordingly, the discussion in this paper is mainly about the Society as it was prior to the name change.

² Having not responded to our survey, a member commented that our questions were "too philosophical" and suggested that we might have "a hidden agenda". While rejecting the suggestion of us having a "hidden agenda" categorically, we are not ashamed or afraid of challenging the *status quo* and strongly believe that, as academic researchers and concerned members of the AAES, one of our central professional duties is to openly question the philosophical foundations of all economic, political and social entities including our own Society.

³ Having not responded to our Past President survey, and returned it blank, a Past President questioned "under what auspices" we were conducting this research. As practising agricultural economists, the sponsor for all our research endeavours is economic theory.

ues that have arisen in the past. We received 13 responses to this survey (and the subsequent follow-up letter), yielding a response rate of 65 per cent. The student survey involved 53 final year BAgrEc students at the University of Sydney who responded to a question regarding the future prospects of the profession. The results from these surveys are presented throughout the analysis.

An industrial organisation framework is employed in this paper⁴. Initially, issues concerning the organisational structure, conduct and performance of the Society are detailed. The implications of the analysis for future directions are then explored, prior to concluding comments.

2. Industrial Organisation of the AAES

According to the Coasian view, the internal organisation of the firm is important and must be studied separately from, albeit in conjunction with, other micro and macroeconomic coordination mechanisms. A corollary of this proposition is that the nature of the institutions and coordination mechanisms that make up the economic environment affects the choice of the firm's organisational structure. Organisational structure consists of the rules and regulations that determine which positions exist in the firm, what constitutes their formal function, who carries them out and when, the channels of communication within the firm, and how participants' behaviour is to be controlled through incentives, authority and normative means.

As applied to the AAES, the theory of industrial organisation may become both fuzzy and controversial. However, the concepts of market structure, conduct and performance embody the causal hypotheses of economic theory. If reliable links between the elements of structure and performance can be uncovered, we have a powerful guide to predicting the performance of the AAES. More importantly, if some features of structure or conduct can be carefully examined, we may find the key to designing policies to change the environment and raise the level of performance. The paper is designed to make a contribution in this area.

3. Structure of the AAES

Structure is defined as the relatively stable features of the internal environment which influence the relationships among the forces operating within the AAES. Economic theory suggests that such features include the number and relative size of the service providers and service users, whether established players possess advantages which newcomers do not, whether the services of suppliers are perfect or imperfect substitutes for one another and the nature of demand for membership and how it is changing. Each of these features is considered below.

3.1 Election Procedures

A central objective of the AAES is "to facilitate contact and discussion among those studying the problems or extending the knowledge of agricultural economics" (AAES Constitution). The Society currently has about 500 ordinary members, the majority of whom are academics and public servants, and have at least one degree in agricultural economics. A small segment comprises student members. The governing body of the Society is the Council which is composed of the President, President Elect, Immediate Past President, Secretary, Treasurer, Editors of the Australian Journal of Agricultural Economics (AJAE) and the Review of Marketing and Agricultural Economics (RMAE), Business Manager and State Councillors (of which there are 9).

The minutes of the AGM of the AAES over the period 1957-1993 indicate that during the first 37 years of its life, the Society has received precisely 37 nominations for President Elect and, on each occasion President Elect became President. It is also noteworthy that the nominations for President were usually made by the retiring President and the nominations for President Elect by President or another member of the Council. More importantly, despite the fact that, following much debate (see Ahmadi 1992a, Edwards 1989, 1992), this procedure was constitutionally disbanded by majority vote at the 1993 AGM in Sydney, the practice persisted in 1993 and 1994⁵. The only difference was that a nominating committee came up with a single candidate.

⁴ The theoretical framework used in this paper follows those of Caves; Scherer; and Tirole.

⁵ The relevant motion reads as follows: "President Elect shall be elected each year by a postal ballot" and "that it operate from 1994" (AAES Policy File 1993). The year 1995 marked the beginning of the new procedure via which the membership was able to choose one candidate for President Elect (out of two) for the first time in the history of the Society.

The election of Council members follows the same procedure, the only difference being that some members manage to retain their positions for many years. There are instances of office holders maintaining the same position for over a decade. The State Councillors are similar and some have remained on the Council for a number of years, being reappointed either in the same position or in a different one. Consistent with this practice, the positions on *ad hoc* committees have been filled from the same pool. Similarly, programs of the previous Annual Conferences provide evidence that a considerable proportion of the invited papers are solicited from Council members, including Past Presidents.

This issue received considerable attention from the members of the society responding to our survey. More specifically, some of the main weaknesses of the Society were suggested to be that it was an "Old Boys Club", "reluctance to change", "staid", "too concentrated", "not open", "no young blood". Other members identified "clique" and "no young members" as main threats to the Society. These observations point to the presence of an oligarchy in the Society.

3.2 Barriers to Entry

For a new member, even though he or she may have a wealth of professional and organisational skills and experience, receiving support from the respective AAES branch is the key to sit on the AAES Council. The main barrier is that the election/appointment procedures and processes at the branch level are fundamentally the same as those at the federal level and generally difficult to bypass unless one could meet the sunk cost of building loyalty and support. It appears that for a member to be considered "active", maintaining contact with a branch is essential. Despite this observation, a number of Past Presidents have raised concern about the fact that not many members are willing to stand for the various offices of the branches of the Society. This issue will be further discussed below.

3.3 Product Differentiation

Although not explicitly specified as an objective, the AAES has been able to differentiate its key products and services from other professional organisations or providers of research in Australia such that it now maintains the position of a key publisher of academic agricultural economics research in Australia.

A second objective of the AAES is to "publish the results of research and such other material as may be relevant to the objects of the Society" (AAES Constitution). The Society has sought to achieve this objective via the publication of the AJAE and more recently the RMAE. In 1989, the Society commenced publication of a newsletter entitled AAES NEWS as a means of communication between the Council and membership⁶. Both the AJAE and RMAE are recognised amongst the highly regarded international scholarly journals and have further enhanced the standing of the AAES in the professional community. A third objective of the AAES is to "stimulate analysis and discussion of policies and programs affecting the economic welfare of farmers and farm industries" (AAES Constitution). This objective can also be met by the publication of the AJAE and RMAE.

In addition, the Annual Conferences are another key service of the Society to the profession and the agricultural economy. These Conferences are also used to achieve a fourth objective of the Society which is to "provide a link between agricultural economists in Australia and agricultural economists in other countries" (AAES Constitution). Overseas scholars usually present papers at the Conference and also publish their research works in the two outlets of the Society. Further, the Society organises workshops to address research and policy problems, some of the proceedings of which are published in the special issues of the *RMAE*. Another product of the AAES is the Directory, which has, so far, been published twice (in 1980 and 1989). Branch meetings provide an additional service of the Society.

3.4 Nature of Demand for Membership

The demand facing the Society, as a professional organisation, is a segmented one. Student members are clearly most sensitive to membership fees followed by those in the private sector, public sector and academics. Corporate members, although few, are clearly the least sensitive to membership fee changes but are not considered in this paper. The survey of members identified a number of factors influencing their decision to renew their membership including; receipt of the *Journals* (30 per cent), contact with others in the profession (21 per cent), the prestige of being in a pro-

⁶ Beginning in 1996, the newsletter is to be called AARES *NEWS* and VIEWS.

fessional Society (13 per cent), the range of activities the Society offers (13 per cent), the cost of membership (10 per cent), the access to research (7 per cent), keeping up to date with professional developments (3 per cent) and remembering or habit (3 per cent)⁷.

There is evidence that the membership, in particular student membership, is declining. For instance, in 1985 student membership stood at 84 while in 1994 it stood at 22 (a 72 per cent decline). Although the overall demand for membership remains strong relative to that for other small international societies (such as the Canadian Agricultural Economics and Farm Management Society (CAEFMS) with only 400 members despite the larger size of the Canadian agricultural economics profession), ordinary membership which was 591 in 1985 reduced to 498 in 1994 (a 16 per cent decline).

Of these members, a significant fraction (10 per cent) have either terminated, or are contemplating terminating, their membership for a variety of reasons. They included "unsatisfactory content", "my interests lie with more extension", "agricultural economics doesn't inspire", "I don't believe that Society funds should be used to fund travel by people to IAAE (International Association of Agricultural Economists) meetings", "I found the articles in the AAES *Journal* becoming increasingly irrelevant, a perfect example of the sophisticated pursuit of the trivial", "very narrow, 'public service' like discussions rather than business oriented", "published works becoming less relevant; cost of membership", "low value, cost was okay, nothing received to help build my business or career".

There are also many other concerns raised in the two surveys. A significant number of the members and some Past Presidents have noted a gap between the academic and non-academic segments of the AAES. Nearly 33 per cent of respondents identified the "over academic" or "too academic" nature of the Society as a main weakness or threat to the Society. This rift is also evidenced by concerns raised by many members about the two publications of the AAES and whether they address contemporary issues or whether they are sufficiently readable.

More specifically, members have indicated that the *AJAE* is "too theoretical", "lacks relevance"; they want "more resources [Resource Economics]", improved "readability", "agribusiness issues", "more Australian issues", "less mathematical modelling", "improved

frequency and timeliness". More specific comments on the AJAE are presented in Appendix 1.

With respect to the *RMAE*, they desire "more policy", "more marketing", "more resources", "more viewpoints", "more international", "more non-neo-classical" and "more business". Further comments regarding the *RMAE* are displayed in Appendix 2.

On the whole, however, the overwhelming majority of respondents give both outlets strong support. In responding to the question of how well the *AJAE* achieves its objectives, 14 per cent indicated that it does it poorly, 23 per cent satisfactorily, 31 per cent well, 30 per cent very well and 2 per cent excellent. The corresponding numbers for the *RMAE* are 13 per cent poorly, 15 per cent satisfactorily, 34 per cent well, 30 per cent very well and 8 per cent excellent.

3.5 Synthesis

The procedures of appointing/electing office holders of the Society appear to be compatible with a quotatype organisational model. Appointing/electing an office holder, say a President Elect, in the absence of alternatives, is effectively similar to the allocation of a quota. In other words, since this quota is solely based on scarcity and not intrinsic value (which necessarily arises from competition for the position), it can constitute economic rent. These rents generally refer to honour and prestige derived from the Presidency or the other office positions of a professional organisation, and have existed in the Society throughout its life given the procedures outlined previously.

The important question is who has captured the rents? Given that these quotas are allocated based on historical precedent, seniority or State branch representation, it appears at first glance that those who are granted a position have captured the available rents. However, it should be stressed that those members of the Council (for example, Past Presidents) with national or international standing have produced benefits for the Society at least as much as (and perhaps even more than) they have gained. Clearly, the Society itself has been very fortunate to have been governed by these outstanding professionals. It is easy to speculate that, had quotas been allocated via, say, election by postal ballot, the outcome would most likely have been the same, given the high standing of many of these professionals.

⁷ Some respondents indicated multiple reasons for renewing membership.

The central issue, however, is that even in the case of a much larger or more established agricultural economics association, such as the AAEA, the pool of outstanding candidates to fill all available offices is rather small and may get smaller over time. Further, since not all outstanding members may have a claim to the position of President, or if a parochial focus dominates and Councillors are appointed by State branches from a limited local pool of willing members, then political expediency may become the rule of the game. If this happens, rents will be captured by office holders and the Society may lose in the long run.

The opportunity costs of the quota-type procedure used by the AAES warrant careful examination. There are strong indications that State branches find it hard to fill positions on State Committees. This probably stems from "lethargy of members", as identified by a number of respondents to our survey, although this may be a demand side symptom of a supply side problem. Another reason, as indicated previously, is asymmetry of information about these positions. Regardless of the cause, the eventual outcome of this "shortage" is that the Society may not be able to attract the best and most qualified professionals to serve on its State Committees and on the Federal Council, as the pool of local candidates is being slowly depleted and practically little or no competition occurs.

There may also be opportunity costs incurred by State Committee members or the Council members. That is, those State Committee or Council members who are forced to maintain office for a long time, for example, because of the absence of other candidates or in an attempt to help the branch from eventual collapse, may indeed lose and the longer their service, the higher their losses. Whether the Society will gain from the service of these individuals is uncertain, and depends on the resilience and commitment demonstrated by these individuals over time.

The most significant costs are probably the increasing apathy and disinterest of the membership at large, who, given the above scenario, may experience a stagnant organisation with no clear sense of direction. A large proportion of respondents identified "lack of relevance", "no direction" and "smugness" as some of the weaknesses and threats to the AAES. The type of organisational structure portrayed here appears not to be exciting or glamorous. The most it could do is to help normal office holders who behave in normal ways to complete routine tasks successfully during their term of office. Oligarchy is so central to this type of

organisation that highly motivated or inspired behaviour is almost irrelevant or impossible. Managerial practices must be as close as possible to fail-safe and risk-free. This means that they cannot be dependent on the unusual or hard to obtain - which requires leadership; a fundamentally different concept.

Similarly, the lack of contestability could mean the loss of opportunity for young members to develop their leadership skills. To combat this, the Society should endeavour to make young members (including students) visible in all its activities (for example, by inviting them to present conference papers). The membership at large, rather than State Committees or the Council, should be able to judge for themselves who has potential. Just as we need more ordinary members to provide leadership in the Society, we also need more of the executive to develop the culture that will foster that leadership.

Although membership is overwhelmingly supportive of the current branch structure (80 per cent for maintaining the current structure, 3 per cent against and 17 per cent not sure), we suggest that the branch structure be dismantled and that the number of Federal Councillors be reduced from the current 9 to 3 or 4, voted in by all the members. Membership is divided roughly 50-50 on the issue of electing the Councillors nationally. This would overcome the previous problems, including the "lethargy" of the branch structure and ensures that there is a much larger national pool of committed individuals to choose from for the Federal positions.

In the absence of State branches, assuming that they are all abolished, we argue that the *NEWS* can be used as a vehicle to announce various organisational and managerial matters of the AAES, including positions available on the Council. Similarly, the viewpoint section of the *NEWS* could be more actively used by members to air various controversial professional issues.

Another issue relates to the differentiation between the AJAE and RMAE. It is imperative that the objectives for each of the Journals be clearly explained to members - a significant proportion of respondents to the survey were unaware of them. It is also apparent that the RMAE is the key vehicle of communication to the non-academic members of the Society. To that end, it is crucial that the editorial policy of the RMAE reflect this, increasing the focus on contemporary policy issues. Changing the RMAE to a Choices type maga-

zine, as suggested by a respondent, may also warrant consideration. The AJAE should remain the key academic outlet for the Society, and while its articles should become more relevant and readable, the high level of rigour in this Journal should never diminish. It is also important to continue to ensure the timely delivery of both publications.

These suggestions are consistent with the desires of the overwhelming majority of respondents. Of those who answered a question pertaining to this issue, eighty per cent of respondents thought it desirable to have the *AJAE* and *RMAE* as the publications of the Society. Twenty per cent did not share this view⁸. The two diverging views also made some specific comments (see Appendix 3).

With respect to product differentiation, three additional issues deserve consideration. The first is that of agribusiness which could have been accommodated by the AAES; however, the opportunity was lost in 1989 when a new professional organisation entitled the Agribusiness Association of Australia and New Zealand (AAANZ) and subsequently a nev journal entitled Australasian Agribusiness Review (AAR) came into being. The AAANZ has a membership close to 400, a majority of whom are non-academic agribusiness people. The AAR contains research results which could have been readily published in the RMAE. Thus, it appears that the AAR is now used by agribusiness people and firms as a substitute for the AJAE and RMAE. Whether the AAANZ could potentially become a substitute for the AAES is yet unclear and depends on the future strategies of the two organisations with respect to the growing agribusiness sector.

A second issue is that of a name change for the AAES. This issue was raised by Trewin and Lawrence, and a motion to change the name of the Conference to the Australian Agricultural and Resource Economics Conference was defeated at the 1993 AGM in Sydney. The motion to change the name of the Society was eventually ratified by the membership in August 1995.

A third issue is that of the Australian Institute of Agricultural Science (AIAS) and how to deal with competency standards developed by the AIAS (see Sturgess 1993, NEWS 1994a). A Past President has suggested that the Society needs "to keep a watch over the AIAS to ensure they don't encroach on our turf". As noted by Sturgess, the AAES has in the past worked with the AIAS to achieve its fifth objective; namely, "to co-operate with scientific and other organisations

and institutions engaged in similar or related activities in Australia" (AAES Constitution). However, it appears that the issue of competency standards has remained unresolved and may damage this cooperative potential. Ten per cent of respondents have identified the AIAS issue as a main threat to the Society and another three percent suggested competency standards as a main threat.

The final structural feature of the AAES, the nature of demand for membership, will be further discussed below.

4. Conduct of the AAES

Having mapped the key elements of the structural environment of the AAES, we can now look at the way in which these elements induce the Society to behave. Conduct is defined as the behaviour in setting membership fees, demand-inducing policies and promotion, setting and controlling the quality of AAES products and services, and policies aimed at coercing rival's behaviour. These features of AAES conduct are presented below.

4.1 Membership Fees

Given the segmented nature of the demand for membership, the Society uses a discriminatory approach to pricing membership. Student members, for example, pay one half of that paid by ordinary members. This is an efficient pricing policy, as it is aimed at enhancing the overall demand for membership.

Table 1 displays membership fees for the AAES and those for the AAEA and CAEFMS over the period 1985-1994. According to this table, the fees for the three professional associations are generally comparable from 1985 to 1990. In 1991, the AAES fee increased by 50 per cent, while those for the AAEA and CAEFMS went up by 33 per cent. This difference is probably due to the fact that in 1991 the Society took up the publication of the *RMAE* which used to be published and supported by the NSW Department of Agriculture. However, it is difficult to justify the 45 per cent fee increase over the period 1992 to 1994, as

⁸ The two publications are to be amalgamated, to form the *Australian Journal of Agricultural and Resource Economics*, in 1997. The motion pertaining to this issue was passed at the 1996 AGM in Melbourne following much debate.

opposed to 25 per cent for the AAEA and zero per cent for the CAEFMS.

Table 1:	Membership Fees for Agricultural
	Economics Associations, 1985-1994 ^a

			,
Year	AAES (A\$)	AAEA (US\$)	CAEFMS (Can\$)
1994	75	75	45
1993	65	75	45
1992	55	60	45
1991	55	60	45
1990	38	45	35
1989	36	45	30
1988	36	45	30
1987	36	45	30
1986	36	45	30
1985	36	45	25

^a These figures are reported in home currencies to examine trends in these countries, rather than compare the membership fees in Australia.

Sources: AJAE, AmJAE, CJAE (various issues)

The data reported in Table 1 imply that the unit operating cost of the AAES has consistently been higher than that of the CAEFMS. The CAEFMS imposes page charges for the articles published in its Journal, thus reducing the membership fees. We suggest that the Society consider this option as an efficient mechanism to keep membership fees low and to end the current cross-subsidisation. The AJAE and RMAE could well become self-supporting in the event that charges are introduced. It may also be wise for the Society to examine its overall cost structure and to design alternative approaches to minimising its expenditure. A significant proportion of respondents identified the membership fee as a main factor influencing their decision to renew their membership. Thus, the upward trends in the AAES fees appear to be inconsistent with their demand response and, if not arrested, may result in the loss of these members.

4.2 Demand-inducing Policies and Promotion

Generally speaking, membership fee structure (price discrimination) is the central mechanism used by the Society to maintain or enhance demand for membership. However, despite this structure, both student and

ordinary memberships are declining. Close to fifteen per cent of respondents identified declining membership as a main threat to the Society. Following some initial discussion at the AGM in 1994, the Society appears to be taking this matter more seriously in that a sub-committee has been formed to "begin to work on a range of issues related to expanding and developing the membership of the Society" (NEWS 1994b). This issue is of utmost importance, in particular, in view of the fact that the AAANZ has succeeded in attracting 400 members. Whether the AAANZ has gained members at the expense of the AAES is unclear. However, the emergence of this new association implies that the Society should actively develop demand-inducing schemes to maintain or enhance membership.

A key message from the member survey and in particular student survey is that the Society and profession should foster relevance. Fifteen per cent of respondents have identified irrelevance as a main threat to the AAES. Another thirteen per cent have identified lack of relevance as a main weakness of the AAES. Given that there are three broad groups of members - academic, public and private sector - the Society has to ensure that the products and services it offers have relevance to each of the groups as well as to other potential members. At present, it appears that there is a clear bias toward the academic and public sector members of the Society. Close to thirty per cent of respondents identified the over-academic nature of the Society as one of its main weaknesses. This creates ill-feeling within the Society and also curtails demand from the private sector members. The central vehicles for reaching the private sector members seem to be the RMAE and the Annual Conferences. As such, their relevance and vitality should be enhanced.

A promising segment in which demand for membership could be increased is that of student membership. We argue that this is the responsibility of the academic members of the Society, although the Council should also assist in making the student population more aware of the Society and its activities and services, and also more aware of the undergraduate prizes that are available. Both the student survey and casual discussions with the undergraduate students in Agricultural Economics at the University of Sydney indicate a very low level of awareness of the Society in general and even a lack of awareness that the Society publishes the AJAE and RMAE. To partially rectify this problem, we suggest that the Society launch a poster promoting its objectives and activities and undergraduate and postgraduate (Masters and PhD research) awards and

benefits of membership across Australia and New Zealand and perhaps overseas. Another approach is for the AAES to lobby the Departments of Agricultural Economics (or other relevant departments) to pay membership fees for top undergraduate students in each year of their degree program for a year and encourage them to continue their membership independently. Certificates of membership could be presented by the President to the students in formal ceremonies organised by the Departments to enhance the profile of the Society.

Another objective (sixth) of the AAES is "to promote the profession of agricultural economics in Australia and to foster, in all sectors of the economy, interest in and understanding of the economic problems of agriculture" (AAES Constitution). However, other than a number of agreements with other sister societies (for example, the AAEA), no other formal mechanisms exist for the Society to promote itself and its publications. This lack of public profile was identified by a Past President as an important issue faced by the Society (Sturgess 1992). However, it appears that not much has been done to address it. Respondents to our member survey have provided very many insightful ideas to rectify this problem, the entire set of which is presented in Appendix 4.

In responding to our survey, a Past President noted that in the early 1970s the ABARE Outlook Conferences took the place of the AAES Annual Conferences as an important meeting place for people concerned with the economic problems of the farm sector. The AAES may be able to win back some of these people by having the ABARE allocate time for the President of the Society (or his/her nominee) to speak to the large audience attending the Outlook Conference every year. In addition, the Society should have a table and display promoting its publications and other services. New literature including posters, fliers and brochures promoting the Society and Annual Conference should also be distributed at this table.

The same approach could be applied to the AAANZ Annual Conferences on a reciprocal basis. The AAES could organise joint workshops and even conferences with the AAANZ. One page advertisements highlighting the objectives and activities of the Society could also be published in the AAR. More generally, workshops and conferences should be arranged jointly with other professional organisations (for example, the Economics Society and Econometrics Society) with other providers of research (for example, CSIRO,

ABARE, Research and Development Corporations, State Departments of Agriculture, private companies) and with academic institutions on specific topics of policy or research interest.

It may also be fitting to utilise public media to enhance the profile of the AAES. While not supporting the idea of "issuing press releases" by the Society (suggested by a respondent), we do believe that, as professional economists and concerned citizens, members of the Society including Council members should not shy away from entertaining public debate (for example, "on Nightline" as suggested by another respondent) on various issues of importance to the Australian economy. In fact, this is probably the most effective way to achieve the promotional goals of the AAES. While identifying their affiliation with the AAES, these members do not necessarily express the overall views of the Society in their debates or interviews. They will, however, promote the public profile of the AAES and most certainly themselves.

4.3 Quality Control

The seventh and final objective of the AAES is "to encourage the study of agricultural economics in Australia, and to promote high standards of accomplishment in research, teaching and extension in this field" (AAES Constitution). Matters of quality control and enhancement are administered by the Council. For instance, the Editors of the *AJAE* and *RMAE* through refereeing procedures ensure that articles of high quality are published.

Outstanding research (AJAE and RMAE articles and PhD and Masters research) and undergraduate student performance is recognised through a set of awards. It appears, however, that outstanding "teaching and extension" in agricultural economics is not equally recognised. A motion to introduce a teaching award was defeated at the 1993 AGM in Sydney (see Ahmadi 1992b for justification for introducing such an award). Outstanding teaching and extension awards as well as best book review or best referee awards are worth considering seriously.

We suggest that enhancing the quality of various products and services of the Society may be the most effective tool for curtailing the supply of potential rivals or rival products (say, another new society such as the AAANZ or new journal such as the AAR). Further, we suggest that we should be prepared to reward those members of the Society with an ability to transform agricultural economics knowledge into teaching or extension as well as others with abilities to grasp or transform this knowledge into research reports or publications.

4.4 Coercive Behaviour

Any types of conduct patterns that worsen the structural position of some rivals can be called coercive. Although theoretically possible, coercive behaviour does not appear to apply to the AAES, but the Society may itself be subject to coercive behaviour by rival societies. It is important to note that coercion can occur without the coercer actually having any vicious intentions.

The issue of competency standards may be consistent with this definition and, as such, should be taken very seriously. The likely outcome of such standards may be more monopoly and possibly other distortions (see Sturgess 1993). We suggest that a close look be taken at the issue of professional standards, both to prevent the AIAS from imposing these standards on the Society, and also to satisfy members' concern that the AAES take some role in the establishment and maintenance of professional standards.

4.5 Synthesis

The preceding observations fail to provide compelling evidence that the conduct of the AAES is consistent with the changing environment around it. In particular, we highlighted a number of concerns including the recent membership fee increases, lack of effective demand-enhancing schemes and absence of recognition for excellence in teaching and extension. In addition, the Society appears to be under pressure to adopt AIAS competency standards. It appears, then, that the AAES is reacting to this complex environment rather passively, and has yet to develop potent strategies to enhance future vitality and growth.

5. Performance of the AAES

Defining performance as the appraisal of how much the results of the Society's behaviour deviate from the best possible contribution it could make to achieving full employment of available professional resources, efficiency in using these resources, progressiveness and equity, we are now able to examine the impact of AAES structure and conduct on performance. Each of these criteria is considered below.

5.1 Full Employment of Professional Resources

Full employment of resources lies at the heart of all economic analyses. As indicated previously, Council and other office positions of the AAES have been captured by a small group of members, some of whom have held office for a significant number of years. Regardless of whether this stems from rent-seeking behaviour or lack of interest, we argue that it has resulted in underemployment or unemployment of professional resources in the Society.

To partially offset this problem, we suggest that the Society liberalise its offices and advertise all the available positions in the *NEWS*. Further, the Nominating Committee should play an active role in encouraging nominations for President Elect from members. The same approach should also be applied to invited Conference papers. That is, all members should be able to compete for the limited pool of invited papers for Annual Conferences.

5.2 Efficiency

The foremost aspect of efficiency is how resources are allocated among the various types of products and services produced by the Society. This is, in effect, the economic problem of the AAES. The test comes in the satisfaction which resources produce - as measured by the returns which they earn - when used in various ways. For instance, if State branches were dismantled and replaced by *ad hoc* federal committees comprising a cross section of representative members aiming at a specific task (say, promotion), the worth to members of the extra output of *ad hoc* federal committees would be likely to exceed the value of the foregone State branches.

The inefficient use of resources by the Society can take a number of other forms. We do not want a State branch to be inefficiently small so that, for instance, the size of the audience attending its meetings is smaller than the size of the State Committee. We do not want the Society to carry a large margin of excess capacity at times when other competing societies (say, AAANZ) are able to fully utilise their professional resources. Finally, we do not want inefficiency to burden members with membership fees higher than the minimum for the products and services it produces.

These flaws require detailed cost data to quantify which may be available in the Business Office of the Society. We encourage the Society to undertake a study on the cost of products and services it provides. This study may help settle issues of concern such as the future of the *RMAE* as raised by a couple of Past Presidents. It could also identify areas where expenditures could be reduced so that some funds are used for promotion, a concern raised by another Past President.

5.3 Progressiveness

Progressiveness refers to whether the Society is adding to its stock of professional resources, raising the quality and variety of products and services which it makes available, and improving the methods with which it manages itself. The publication of the *NEWS* and Directory along with fully sponsoring the *RMAE*, among others, provide evidence that the Society has attempted to satisfy this objective. However, progressiveness also implies that the Society should never be conservative in approach and unreceptive to new ideas, especially before they have been completely tested.

We do not have to extensively search for evidence to suggest that the Society may indeed be reluctant to improve the methods with which it manages itself. The case in point is, of course, the method of election of President Elect which, as indicated previously, was changed in 1993. While a postal ballot was eventually taken in 1995, the process for the identification, screening and election of candidates for President Elect is not yet part of the AAES Constitution (see *NEWS* 1994c,1995).

5.4 Equity

The argument might be made that the oligarchy of the AAES has had a detrimental impact on the distribution of professional opportunities in the Society. That is, those members who could potentially make a contribution have been deprived of the chance. This has resulted in an "old boys club" perception and apathy among these members. Obviously, this environment cannot persist and should change. Economists usually leave policy toward equity to the field of taxation. In a professional Society such as ours, however, we favour liberalisation as the optimal policy to address this issue.

5.5 Synthesis

As it is a difficult task to comprehensively evaluate the achievements of the Society relative to its objectives

as presented in the AAES Constitution, we appeal to the member survey to canvas their views on this important issue. Of those who responded to the question of "How well does the Society achieve its objectives?", 11 per cent indicated that it does it poorly, 39 per cent satisfactorily, 27 per cent well, 21 per cent very well and only 2 per cent excellent. This implies that there is a large scope to improve on the Society's performance.

6. Implications for Future Directions

The single most important conclusion emerging from this analysis is that a number of self-imposed supply constraints are impinging upon the performance of the Society. Various strategies were suggested to fundamentally alter the internal landscape of the AAES. We now attempt to highlight the main implications of the study for future directions.

A key implication is that the conditions for contestability are hardly present in the Society. To establish these conditions, we suggest that the election process for President Elect which was initiated in 1993 be expanded to include all State Councillors. This implies that the Councillors should be voted in nationally. The main purpose of this proposition is to eliminate the obstacles to contestability based on full-employment, efficiency, progressiveness and equity criteria. The Society will clearly benefit from breaking the prevailing oligarchy and having a pool of potential candidates who can respond to professional service opportunities by entering the national competition.

Although survey respondents have indicated otherwise, we also suggest that all State branches be dismantled and replaced by national short-term committees to take up specific duties. Obviously local seminars or workshops can still be organised for members (possibly co-ordinated by universities, Departments of Agriculture or private companies). One aim of such a proposition is to further enhance the degree of contestability and to fully liberalise the AAES. Another objective is to rotate positions and let members gain the experience of professional service early in their career.

⁹ As the member survey does not include those who have left the Society or those who potentially might join if membership were worthwhile, these percentages probably underestimate dissatisfaction with the Society.

All positions available on the Council and committees to replace State branches including the Editors of the AJAE and RMAE should be advertised in the NEWS and nominations invited. We do not necessarily propose that all positions on the Council be elected. In fact, we suggest that all other officers including Secretary, Treasurer, Business Manager, Editors of the AJAE and the RMAE be appointed by the Council. The main aim of this proposition is to foster efficiency and professionalism and to maintain continuity of service to the Society.

The key products and services of the Society are the AJAE, RMAE and Annual Conferences. Membership appears to be generally satisfied with these as indicated in our survey. However, whether these are the optimal product mix is unclear. In particular, the issue of product differentiation between the two publications warrants further consideration. The second part of our member survey reported elsewhere (Ahmadi-Esfahani and Bonnor 1996) is meant to pursue this issue further and may prove useful in settling the debate in the Society pertaining to the two publication policy.

The declining demand for membership is another highly critical issue. The Society should reposition itself in the competitive market for professional associations. Price and quality appear to be important factors, but other considerations such as relevance, timeliness and readability of publications, and the presence of substitute societies and products are also beginning to prove significant. In this environment, the Society has substantial freedom of choice. The issue of promotion and public profile should be addressed in this context. Similarly, the issues of competency standards and the emergence of new societies such as the AAANZ and new products such as the AAR should be tackled within this framework. This implies that the Society should give some thought to the modernisation of its Constitution. A number of the objectives within the Constitution appear to be outdated and fail to reflect the complexities of the Australian agricultural economy and the Australian agricultural economics profession. It may well be time to upgrade the Society's objectives.

Finally, with respect to apathy and disinterest of members, we suggest that membership may occasionally require a burst of energy. We need to motivate and inspire members by satisfying their basic professional needs for achievement. This applies, in particular, to younger professionals and students. The students in our survey were unanimously optimistic about the

continuation of their discipline. Many identified a declining agricultural sector as of concern to the future strength of the discipline. However, many others saw an optimistic side to this decline as farmers and agribusiness firms became more concerned with the economic dimension of their business in the face of growing international competition and domestic cost pressures. It is this optimism which should be focused on in any future recruitments of students to the Society.

7. Concluding Comments

As economists, we advocate competition because it decentralises and disperses power. Under competition, the resource allocation and income distribution problem is solved through the market and not through the conscious exercise of power by big players or government hands. Containing this power is one of the oldest and most fundamental goals in liberal ideology. More importantly, when the no-barriers-to-entry condition of competition is satisfied, individuals are free to choose limited only by their own talent and skill. The agenda we have attempted to develop here seeks to foster competition in a professional economic organisation. While seemingly inconsistent with the current structure of the AAES, it is most certainly consistent with the ideals of all members. Our hope is that this agenda will prove useful in the Society's soul searching for future directions.

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Appendix 1: *AJAE* **Survey Response**

- Disappointed not to see more ABARE involvement.
- In the past, it has often been late.
- It attempts to be too good and therefore culls 'non perfect' articles which could advance the profession.
- Book reviews are usually very good. Need to retain contributions from older players in the profession who tend to drop out in their 50 plus.
- Both the AJAE and the RMAE suffer from difficulty in having papers that address "contemporary issues" published in a timely fashion.
- I think the main problem is just that agriculture is too small a pool from which to draw papers.
- Timeliness
- Should publish original research.
- Could be more current in its papers, timing etc.
- Can there be a balance between academic theorising and model development with papers that agricultural economists outside Universities might find of interest.
- A bit high brow for me.
- Its quality is getting better.
- Too much emphasis on abstract mathematical economics. Whatever happened to agriculture?
- Good academic publication.
- It's very mathematical but it has high standards.
- A well recognised journal not fully supported by members.
- Better material than the American journal and others.

- Is changing with the time could be a little more rapid, but you don't want to lose readership.
- Provide a forum for the communication of more advanced research.
- Again, objectives are not immediately apparent but meets objectives of providing a forum for academics and a high level of intellectual debate and study.
- Not sure on objectives but I guess they are OK.
- Black boxes talking to black boxes.
- There is no scope for less formal publications which maintain interest in the activities of the Society.
- Keep relevance of contents to members in mind.
- AJAE used to be very good for its more practical orientation than say the Journal of Agricultural Economics. Presently losing its way.
- Too dense. Clearly directed only at econometricians.
- I don't know what they are but the substance of the activity is not reflected in its name.
- It is good to have some things published for posterity.
- I am no fan of the AJAE. The journal is neither fish nor foul with truly leading papers, of which there are few, will always go to more prestigious journals. The AJAE will get the dregs, albeit dressed up with mathematics.
- Have not been a member for a while, but tended not to read the AJAE. The material must be readable for busy people and say up front why has this paper been written.
- Is communication meant to be with other agricultural economists or with the human race?

Appendix 2: *RMAE* **Survey Response**

- Disappointed not to see more ABARE involvement.
- Good to get young contributors from conference contributed papers.
- The RMAE appears to be becoming more academic and theoretical in its flavour.
- Should be reviews of major areas of interest.
- Not required therefore second rate papers.
- Attempts to meet industry requirements.
- Needs to be less theoretical.
- Could be more topical and readable. Improve the layout, the layout before 1983 was much better.
- Much improved in recent years, whilst still maintaining its traditions.
- Could improve. Don't want too much similarity with *AJAE*.
- Provides a forum to communicate research with application orientation and for good reviews.
- Not sufficiently different from AJAE.

- Lacks proper focus 'dustbin' for rejected articles.
- From recent experience it took one year to review an article, which is too long and doesn't enthuse one to publish.
- The last couple of issues have been very good.
- I feel the *RMAE* is more accessible to a more general readership and so it should be.
- It's no wonder that companies such as Elders are producing their own magazines and commissioning articles from agricultural economists. It is no wonder the level of corporate sponsorship is abysmally low. The review period is terrible and a poor reflection on the Society.
- Forum section is a good idea.
- One practical, one academic statistical.
- Hard to understand it when it is at such a high level.
 If as an economist I find it hard, non-economists will similarly find it difficult and even worse.
- In my work, I find RMAE a far more useful publication than AJAE. Its value would be diminished, however, if it became an overflow for AJAE.

Appendix 3: Two Publication Policy Survey Response

- My view is that there is a stronger case for retention of the RMAE than the AJAE. The Australian profession does not have sufficient people in its ranks capable of generating the "cutting edge" material the AJAE imagines it is providing. The vast majority of material in the AJAE is irrelevant to the Australian membership.
- One publication should be able to reflect Society contribution to the world at large.
- I could survive with only the *RMAE*.
- If you only have one then the junk of the AJAE would be all that we get and membership will really be questionable.
- It can aim at 2 different readerships ie. the RMAE should be relevant to everyone and concentrate on policy issues while AJAE can be for the more theoretically minded individuals.
- *RMAE* should not be at the expense of *AJAE*.
- Provided one can be more academic in orientation and the other more applied (ie *RMAE*).

- I am an American and see this as an AAES strength relative to AAEA.
- Bit difficult to distinguish between the 2 perhaps a stronger identity for RMAE would be useful making it more industry based.
- May make sense to amalgamate them unless they are differentiated more than is currently the case.
- Provided their respective roles are more clearly defined. Need for both outlets.
- More effective to have them as a single publication. Maybe AAES should look at the worth of a Journal such as the AIAS Agricultural Science.
- Perhaps one could be more an academic journal and one a practical journal with less rigorous guidelines.
- The *RMAE* should have a clear agenda, not an overflow for *AJAE*. Not a journal of last resort.
- It appears that the prime discriminating factor between the 2 journals is the empirical content of the article. I question the appropriateness of this distinction.

Appendix 4: Member Suggestions to Enhance Demand

Relevance

- By providing forums for consideration of current issues.
- More good meetings on topical subjects with top speakers.
- Increase relevance of professional development support workshops and conferences.
- Be more productive in terms of promoting member interests.
- Hold workshops of relevance to non-econometric types.
- Increase relevance of published works to management of businesses.
- Increase the appeal to practicing agricultural economists as opposed to academics.
- Become relevant to society and current developments.
- Give it a more practical focus, rather than the current statistical trend.
- Make it more relevant to the real world.
- Make the journal material more accessible to the average person, both physically and especially intellectually.
- Increase practical bias of journals and meetings.
 Less esoteric academia.
- Greater accessibility. More emphasis on current issues less emphasis on mathematical models.
- Make research more relevant to industry (less esoteric). Make activities more topical and relevant.
- By encouraging non-classical economics contribution in journals and conferences.

- Broaden the scope of agricultural economics stop sneering at the more applied workers. Write readable articles in your journals.
- In the circles I mix mainly farm management and environmental economics - Society is not well known, probably due to its city focus.
- Maybe offer benefits to people not agricultural economists themselves but involved in agriculture.
- Perhaps the annual conference is now too cluttered.
 Specialised focus, but this does create difficulties in a voluntary organisation.
- Better address needs of members focus.
- Become more accessible to practitioners rather than simply academics.
- Apart from the annual conference, provide something that a non-academic staffer has some interest in.
- Make it more relevant to business community and those of the profession in private industry.
- Increase relevance. Updating the knowledge of agricultural economists in the workforce.
- Ensure activities and papers are practical and relevant to current and future issues and avoid status seeking wanks.
- Relevance.
- Making AAES more relevant to membership. Encourage debate/contributions to contemporary issues through RMAE.
- The journal has to become more relevant and the conferences have to be more relevant.
- Get relevant with issues, rather than rewarding minuscule advances in techniques.
- *RMAE* should be more farm problem based. Farmer audience would increase.

 Publish a new journal like Choices of AAEA. Lift the profile of the Society.

Promotion

- Personal contact more publicity for conference.
 More publicity at economics conferences and ABARE Outlook.
- More promotional publications.
- Marketing and public relations.
- Need more publicity.
- Communication with prospective members stressing role of AAES.
- Promote its activities become more involved at a regional level in economic forums and debate.
- Increase profile of AAES.
- We need to raise the public media profile of the AAES. Do the media ever approach the AAES for comment on issues, or do politicians ever seek advice from the AAES? A start would be for the AAES to start issuing press releases commenting on topical issues in agricultural and the environment.
- Lift the public profile in media. Publish to a broader audience. Sponsor public debates on issues. Actively encourage members to enlist colleagues - become evangelistic.
- Better promotion.
- By increasing profile at its major activities.
- Push benefits. Membership drive.
- Promotion is the role of State branches and is not an issue for me in Victoria.
- Appropriate publicity, searching out special interests of potential members.
- Have Federal Council more politically active ie lobby governments on agricultural economics issues, raise profile.

- Conduct annual awareness drives at major institutions at a branch level ie mail outs etc. Sponsor branch teams in corporate sporting events (eg marathons, fun runs etc.). Provide society goods such as t-shirts, ties, etc. and devise a better logo (competition?).
- Promotion and marketing.

Broaden Scope (Include Resources)

- Appeal. Include natural resource issues and management and policy issues.
- Broaden to include resource economics.
- Greater emphasis of resource economics may attract more members. Broaden appeal maybe combine with mining as ABARE has done.
- Make it more proactive in matters relating to the profession and in management of Australian resources.
- Expand scope away from traditional focus of agriculture in fact I think that this is already happening, judging by content of conference papers.
- Make it less egalitarian and open to broader disciplines. Changing the name to include resources.
- Name change ie branding refocus include wider scope of agribusiness.
- I think the time is to broaden scope of AAES. Its areas of resource economics, environmental economics, regional development, trade.
- Perhaps by broadening the areas of interest/ involvement, but don't lose focus.
- Raise its profile by adopting or recommending particular stands on issues within the areas where AAES member disciplines could legitimately be expected to have a valid contribution eg. landcare, environmental issues affecting the Australian agricultural sector.
- Expand activities in agricultural resources, environmental health and appeal more to current issues.

Personal mail invitations to past members and new graduates.

Student Membership

- Be in tune with the needs of new graduates.
- Greater targeting of undergraduates and provision of a newsletter indicating career changes.
- Talk to students. When I was a student I didn't know anything about it. Actually, I hope the venues for contact between members improve because I am beginning to doubt whether being a member is worthwhile.
- Student section activities at AAES conferences.
- Target University students.
- More aggressive recruiting of students.
- Student membership gratis one year at graduation.
- You need to make the society appeal to younger members. Especially university students and graduates.
- Promote the association amongst students and encourage them to join.
- Use the alumni associations of the universities with agricultural science and agricultural economics degrees to trace past graduates, and send them info on society. This should focus on the range of topics covered and quality of journals. Same could be done with econ graduates and members of the Australian Economics Society and subscribers to related international journals.
- Recruitment drives at end of university degree.
- Encourage membership for students at university.
- Think of innovative ways to keep post graduates looking to AAES for relevant articles, publications and perhaps seminars.

State Branches More Active

- Increase its activities. Various state branches organise more meetings, social activities, more interaction between members.
- Encouragement to the local branches to provide more in the way of activities - professional and social. It's at local level that membership pressure is best exerted.
- More active State branches.
- Have dynamic branches producing provocative meetings.
- Strong journals, active meetings.
- There needs to be an increased number of branch meetings which discuss significant policy issues.
 Media could be invited. A press release should be issued with each journal to advertise the profession.
- More active branches which recognise the importance of social activities.
- By publishing good journals and organising good seminars and conferences.
- More active branches with relevant activities.

Economic Suggestions

- Decrease the cost. Increase the quality of journals and the annual conference.
- Keep membership fees low.
- Must produce tangible incentives. Show the value of being a member - is a professional member better off than a professional non-member. This should be shown clearly.
- Basically there are two issues to consider. Imperfect knowledge do potential members know the AAES, its role, values etc? And quality - is value offered?

- Keep annual fee low or reduce it.
- Reduce Fees

Change Current Mentality

- Make sure all professional members are contacted.
- By relating to the interest and social positions of potential members more closely. May be seen as a boys club with narrow, dry ideas.
- Missing out on young ones it's an old persons club - sales push needed here.
- Identify where and why membership is falling off

 if it's the younger ones not coming through,
 perhaps they see the AAES as being too traditional and staid. It may be because the AAES is not relevant to the needs of (potential) members. Does the society address the needs of all potential members?
- Get rid of the cliques and cliches.

Others

 Involvement in job placement like AAEA. Should organise mini conferences on various topics throughout the year. Prizes to teachers, researchers, journalists and public figures for contribution to agricultural economics.

- The only untapped market is in private industry. Attracting these people might require a business management journal and special sections at the annual conference.
- Private sector recruitment.
- I don't think increasing demand is a worthy aim per se. If membership is shrinking AAES has the choice of a smaller organisation with a tight focus or growing but maintaining the focus as I have suggested. I would favour the latter.
- Make sub-section of Economics Society.
- External attractions of members beyond academics and public servants.
- Perhaps reach out to non-traditional audience through publications of a Choices type magazine.
- Increase the dissemination of ideas. Have noticeboard on e-mail. Issue more newsletters or even a magazine rather than just journals.
- Less formal and more topical publications on a more regular basis ie monthly.

Hard to Categorise

- Fly buys!!!
- Free steak knives.
- Talk to a marketing consultant, not me.