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Book Reviews

Farmers in the Market Economy

Iowa State University Center for Agricultural and Economic Development. Iowa State University Press, Ames. 308 pages. 1964. \$4.95.

TWENTY-FIVE PAPERS on market and income problems of farmers were presented at the Iowa Center by economists from colleges, industry, and Government.

In Part I, R. B. Heflebower surveys competition facing farmers and concludes that the main monopoly problem arises from geographical dispersion; this local market power could be lessened by farm cooperatives. Walter W. Wilcox says this survey is good but inadequate; it omits the tendency for big industry and labor unions to raise farming costs. In another paper, John B. Sheahan traces the effects of market power on U.S. economic growth. Kenyon A. Knopf says Sheahan is right about the net adverse effect but says that he wavers too much. Julius Duscha (a newspaperman) examines the "politics of economics" and says that economists get a wrong picture of market competition by abstracting from politically determined allocations.

In Part II, Robert E. Olson examines inter-industry flows and their use in making income projections. V. James Rhodes examines four main forces affecting postwar farm income and the extent to which structure and conduct of industry have affected them. Lehman B. Fletcher presents measures of industry concentration and merger. He discusses performance criteria and notes why easy conclusions about the net effects on farmers and consumers cannot be drawn. Lester C. Sartorius and Arval L. Erikson are critical of this method of thinking and its implications. James B. Hassler eschews the "structuralist" approach and gives the "perfect model" approach for

evaluating performance. Darrel F. Fienup argues that Hassler should come into the "structuralist" fold and bring his oversimplified method with him.

In Part III, Harold F. Breimyer's thesis is that the organization of agriculture stems from a historical process whose prime feature is the growing use of capital; he discusses critical issues in this light. Richard G. Walsh likes this approach. But he hastens to add that it opens up opportunities for farmers to get income from investing in manufacture of farm inputs. Earl O. Heady argues that if agriculture were to have administered prices (and outputs) this could improve farm income and it would not prevent technical progress or increases in resource productivity; but in the long run the farm income gains would be canceled by competition and capitalization. George K. Brinegar finds that Heady's conclusions stem from a parochial view about man, society, and its compartments, and offers another view.

In their research paper, Gordon A. MacEachern and Vernon W. Ruttan analyze changes in income shares. The contrasting rise in labor's share in the national economy and its decline in the farm economy is briefly discussed in terms of changing factor proportions, technologically altered marginal productivities, and effects of economic reorganization on returns. Luther G. Tweeten examines the usefulness of these estimates in gaging the magnitude of the farm income problem and the effectiveness of programs.

In Part IV, Dale Butz considers the benefits and future possibilities of farm cooperatives. Wendell McMillan examines cooperative bargaining as a way of getting market power. Sidney S. Hoos discusses marketing orders and questions the usefulness of the Federal orders to solve the problem of chronic farm surpluses. Elmer W. Learn examines the possibilities of marketing quotas to raise farm income and says that wheat and milk appear as the only

major surplus commodities that currently seem adapted to quotas. Paul L. Farris agrees with these three authors. But he thinks that the issues, to which rigorous supply control devices are offered, themselves have been changing; increasing farm specialization points to increasing interest in bargaining associations and in purchasing and credit arrangements.

In Part V, Winn F. Finner discusses the direction of USDA research on market competition. S. Kent Christensen offers a critique of "market structure analyses" and gives an industry view of research needs. Wilbur Maki is troubled by the problem of problem identification; Economists do not ask relevant questions because they are bound by rigid research procedures. He suggests the "geographical region" as a proper focus for study of growth and efficiency processes.

Reflecting the mixture of issues, interests, approaches, biases, and styles, this book is untidy. But it is provocative. And representing, as it does, a cross section of the economics profession, it contains promising insights and suggestions for further thought and inquiry.

Allen B. Paul

The Concept of Poverty

Chamber of Commerce of the United States. Washington, D.C. 136 pages. 1965. \$1.

THIS REPORT is the first in a series of research papers sponsored by the Task Force on Economic Growth and Development as a part of a study on poverty initiated by the Chamber of Commerce in 1964. It is concerned with the definition of poverty, its measurement, and a number of problems about which there is scant information to guide programs to alleviate poverty. The report includes a broad introduction and four technical papers dealing with the history of the problem, some of its theoretical implications, definitions of poverty, and suggestions for a research program.

Poverty is regarded as a relative state, in both time and magnitude, in which individuals,

families, and other groups are enmeshed as a result of their inability to participate in the economy. It is labeled a complex condition related to age, education, skills, disabilities, health, motivation, discrimination, depressed economies, etc. The indicated action is stimulation of the economy with simultaneous stress on human resource development. The proper goal is one of opportunity, not guarantee.

The problems in measuring poverty are magnified for lack of a good operational definition and the fact that the meaning of poverty varies over time. Two kinds of measures are suggested. One rests on humanitarian precepts and sets the poverty line at a specific level of income or consumption. The other involves an egalitarian precept based on the number or percentage of the people in the lowest income groups. In general the "market-basket" approach is considered the most desirable of the current yardsticks. This measure assumes that specialists are able to calculate with some exactitude the amounts of goods and services that are needed by an individual or a family. A price tag can then be put on the bundle. Recommendations for research assume that poverty will be defined broadly and that research results will be limited. Poverty is recognized as basically an economic problem but with emotional, cultural, and political aspects. An interdisciplinary research approach is stressed, i.e., an approach involving economics, sociology, statistics, psychology, anthropology, and other fields. Specific projects suggested include:

1. Evaluations of current programs to alleviate poverty.
2. Studies to determine the basic characteristics of poverty emphasizing intergenerational factors.
3. Measuring the relative importance of specific economic and social characteristics of poor people.
4. Analyses of experience in other countries of the world where poverty has virtually been eliminated.

This report is one of the more satisfactory recent treatments of the subject of poverty. However, its organization is not very systematic, it skims over many aspects of the problem with great rapidity, and there seems to be an excessive amount of faith in the ability of others to determine the degree to which

people may be poor and to induce basic economic and social changes in a brief period.

It appears that the authors ignore the fact that people can act to block change. Perhaps an initial research step in the study of poverty should be to determine how well the standards of the specialists coincide with those of the people and how fast the process of change can be pushed without imposing undue stress on order, efficiency, and emotions. The report merits the attention of serious readers. It has much to offer the researcher and more to offer officials, administrators, and lay readers who wish to become more knowledgeable on the currently popular subject of poverty.

Olen E. Leonard

The Techniques of Urban Economic Analysis

Edited by Ralph W. Pfouts. Chandler-Davis Publishing Company, West Trenton, N.J. 410 pages. \$5.

THIS IS A USEFUL set of writings by economists and planners, representing various appraisals of the economic base theory and the theory's application to some of the challenging issues arising in the field of urban and regional economics. The essence of the theory is the simple thesis that regions with a larger portion of their labor force employed in export--or basic--activity will show greater economic growth than those regions devoting a larger portion of their labor force to local service--or nonbasic--activity. The economic base concept is a spatial-growth concept, which primarily examines base activity as a link between the urban community and the rural areas.

Although this theory has been something of a favorite among planners--with the notable exception of Hans Blumenfeld--most regional economists have been highly critical of it and have gone so far as to subscribe to an alternative: the input-output approach. Several critical writings of the economists are well documented in this book; included among these economists

is editor Pfouts, Chairman, Department of Economics, University of North Carolina.

The remarks of James Gilles and William Grigsby, along with those of Charles E. Ferguson, hit the heart of the theory's limitation: the basic-service concept lacks reliability as a forecasting technique. The assumption of constant rates of growth and the exclusive examination of labor force leaves this method too attenuated for prediction.

It seems fundamental that a theory trying to explain the economic complexity of a region by the use of a single yardstick would be doomed to failure from the start. To substantiate this point, Pfouts states that the results of his own empirical test suggest that regional growth is not solely a "function of basic employment." Furthermore, the theory neglects the import side and makes no attempt to examine the effects of income and money-flows within a region. Even the classification of "basic-nonbasic" activity may be misplaced. In some instances, studied areas exist and grow because their business and consumer services provide a base to substitute new export industries for any that decline. If this is so, why shouldn't business and consumer services be classified "basic" and the export sector be classified "nonbasic"?

Planners have suggested that even if the economists' criticisms are valid, the theory nevertheless should be kept as a useful device. I cannot agree with this thinking. If the basic-service concept is of doubtful validity, it cannot be used for prediction; and if it cannot be used for prediction, it has no useful application to planning on the economic or any other level, except for general descriptive purposes.

An input-output analysis is a more comprehensive examination of an economy than an economic base study, in both depth and scope. The input-output approach, in my judgment, is a better tool, despite its high cost, since it is more suited to comparative statics and can be adapted to dynamic problems. In the method, all interindustrial and interregional relationships are integrated by use of an economic matrix, thus producing more detailed results essential for production and policy programs.

Jack Ben-Rubin

Agriculture in Economic Development

Edited by Carl K. Eicher and Lawrence W. Witt. McGraw-Hill Book Company, New York, 415 pages, 1964. \$10.

Natural Resources and International Development

Edited by Marion Clawson. The John Hopkins Press, Baltimore, 462 pages, 1964. \$7.50.

IN RECENT YEARS the literature on economic growth has been expanding rapidly. These two volumes of essays or "anthologies" on economic growth and the role of agriculture in economic growth represent significant additions to the library of development economics. In the first volume, editors Eicher and Witt have collected some of the more important writings on the role of agriculture in economic development that have appeared in diverse sources over the last decade. They have performed a valuable service by providing us with a convenient and handy reference and survey text of recent writings on agricultural development.

The practice of publishing "nonbooks" or a collection of readings or essays has been on the increase in recent years. The success of publications of this nature depends very heavily upon the ability of the editors to skillfully integrate the articles into a unified treatise of the subject.

Editors Eicher and Witt have endeavored to present the 25 essays in an integrated book form by logically arranging them in four chapters: (1) Agriculture and Economic Development in Historical Perspective; (2) Measurement Problems in the Agricultural Sector; (3) Theoretical Aspects of Agriculture in Economic Development; and (4) Some Aspects of the Process of Change in Agriculture. By presenting these essays in this framework and by prefacing each chapter with editorial comments to establish the connection between the various parts of the book as well as the rationale for selecting particular articles, the editors were

able to get away from the conventional "non-book" form that is so typical of conference proceedings.

This book of readings on agricultural development was collected in response to a growing interest by economists and agricultural economists in the relation of the agricultural sector to general economic development. While the literature on general economic growth has grown rapidly over this past decade, the literature on agricultural development has only emerged in significant volume since 1960. The recent interest in agricultural development grew primarily out of the overemphasis on industrial development in most national development programs during the 1950's, and the growing recognition that economic growth can be better promoted by a balanced effort between industrial and agricultural development. The editors have done a good job in selecting articles that emphasize most of the common tools and approaches that have been used in explaining, initiating, and accelerating agricultural change in countries at different stages of economic growth. This book is designed to provide a systematic exposure to agricultural development literature and should prove useful as a supplementary text for senior-level undergraduate and graduate economic development courses in universities of both developed and less developed countries. It should also serve as a valuable reference book for research and action workers engaged in planning and carrying out development programs. The 25 essays vary in difficulty of reading and comprehension, from the mathematical and theoretical discussions of economic growth theories to the nonmathematical discussion of the historical and policy implications of economic growth. Such variation in readability should enhance the usefulness of this volume to a wide variety of potential readers.

While the first volume concentrated primarily on the role of agricultural development in economic growth, the second volume, "Natural Resources and International Development," deals with the impact of economic growth and development on natural resources and their use, especially in low-income countries. In these countries, capital is usually scarce, manpower is unskilled, and entrepreneurship is weak. If these emerging nations are to improve income

per capita for their people, they will need help in both capital and technology. A primary reason for providing help to these countries is our mutual dependence on world resources. By helping the low-income countries to increase their productivity through greater use of their natural resources, we will also be helping them to participate more fully in an interdependent world. These two volumes of readings thus are complementary and supplementary texts in that, taken together, they deal with major aspects of the complex problem of economic growth.

The theme of this volume, edited by Marion Clawson, is "The Role of Natural Resources in International Development"--which was the subject of the 1963 Forum sponsored by Resources for the Future. While this book of essays does not completely cover the complex subject of natural resources and economic growth on a world scale it does provide a good sampling of the thoughts of prominent international economists on this subject. It consists of 10 essays: 3 on commodities or groups of commodities--agriculture, oil, and fisheries; 4 on resource problems in Western Europe, Soviet Union, Africa, and Latin America; and 3 on the problems, potentialities, and hazards of foreign investments in resource development, including the problems of adverse terms of trade by countries exporting raw materials and the transfer of knowledge and capital across national boundaries.

Taken together, these two volumes are good additions to one's personal library or to those of universities and institutions. It is possible that the first volume will receive greater use than the second volume because of the larger variety of subject matter covered and its concentration on a more timely and appealing subject--agricultural development. Nevertheless, many interesting essays in the second volume will broaden the reader's appreciation for the complex and interrelated problems of economic growth and the types of programs that will be required to maximize national and international efforts to promote economic progress in the less developed countries.

Arthur B. Mackie

Introducing Social Change, A Manual for Americans Overseas

By Conrad M. Arensberg and Arthur H. Niehoff. Aldine Publishing Company, Chicago. 192 pages. 1964. \$4.95.

ECONOMISTS and economic planners working in the development field should find in this readable little book some interesting insights into the reasons why so frequently planning goals are not achieved according to schedules.

The authors, an anthropologist and a social psychologist, write from a wealth of personal experience in observing attempts, both fruitful and fruitless, to introduce change. Each example is carefully analyzed. For the specialist working in developing countries, there are concrete suggestions on attitudes which might spell the difference between the success and failure of his mission.

Essentially the same text has been published under the title "Technical Cooperation and Cultural Reality," by the Agency for International Development for the use of its personnel.

Jane M. Porter

Oxford Regional Economic Atlas of Africa

By P. H. Ady and others. Oxford University Press, New York. 164 pages. 1965. \$15.

THE ENTIRE CONTINENT of Africa is covered in 43 pages of topographical maps, 69 pages of topical maps, 60 pages of economic and statistical data, and a gazetteer. The volume is a major contribution to the economic geography of Africa.

A Dictionary of Economics and Commerce

By J. L. Hanson, Philosophical Library, New York. 401 pages. 1965. \$10.

THE PROLIFERATION of specialized terminology in economics and commerce makes this handbook, with over 4,000 entries, a valuable reference, particularly for students. That the author is English adds piquancy to certain of his explanations of terms.