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Section Summary

There were eight papers, including two on the USSR. The other countries were Chile, the People's Republic of China, New Zealand, Poland, South Korea and the United States. The instructions to the authors were quite explicit – there was to be an analysis of a significant agricultural policy reform, with an explanation of the reform, its objective, its anticipated consequences and the estimated actual outcomes. The effects of the reforms to be considered were to include one or more of the following: output, trade, incomes (level and distribution) of farm people, and resource efficiency. There was no requirement that the reform be a recent or current one.

Unfortunately, we were not provided with an understanding of how agricultural economists in the USSR have analysed, or are analysing, any one of the major policy reforms of the past three decades, such as the abolition of the Machine Tractor Stations in 1958, the bonus price system reintroduced in the mid 1960s, the large scale food price subsidies introduced in the same year, the large Central Non-Black Soil Zone Programme or the large zonal differences in procurement prices. Instead we were given a summary of numerous recent and proposed reforms, with some indication of recent decrees and regulations, but without a definitive indication of how fully or whether the reforms have been implemented. One recent reform has been the introduction of contract systems or small work teams. Great emphasis has been and is being given to the attempt to replace the traditional effort and incentive relationships in the state and collective farms. The productivity potential of these reforms approach those of the Household Responsibility System in China, so ably analysed at this meeting by Justin Lin. It is not clear whether most of the contracts were consistent with the reformer's expectations but unfortunately had little effect upon farm production or incomes of the participant or the contracts were little more than the all too frequent bureaucratic response to orders from above that had the effect of reducing the power of the bureaucrats.

However, Professor Wädekin was able to provide us with analytically significant descriptions of the compensation reforms which may go some distance in explaining why the introduction of the contract system has not as yet had any obviously discernible effect upon agricultural output. To give a further example, consider his effort to explain the recent modest improvements in the performance of the Soviet livestock sector.

The most significant lesson to be learned from this group of sessions, in my view, is that agricultural reforms have generally occurred as a part of general economic reform. The apparent exceptions in our sample are South Korea and the

United States and these are the two reforms that resulted in higher levels of protection and increased government intervention in agriculture rather than liberalization. The record, of course, is still out with respect to the USSR – whether or not there will be significant economic reforms generally as well as in agriculture.

Another important conclusion is that a successful reform requires price reforms – you cannot have decentralisation of decisions unless prices are a major factor in production and consumption decisions. This was true in the Chinese rural reforms where price reforms and the opening of markets were a necessary condition for the success of the reforms – but not sufficient – the organizational reforms were also necessary.

A third lesson is that reforms that involve a reduction in government intervention in agriculture are difficult and disruptive. This can be seen from the papers on New Zealand, Chile and Poland and the slowness with which reforms are actually occurring in the USSR. Our understanding of the seeming smoothness of the Chinese rural reforms is still limited; one explanation may be that the most fundamental reform, the abolition of the commune and the introduction of the household responsibility system were, as argued by Justin Lin, the result of reform from below. The reforms were a spontaneous response to underlying economic factors and while accepted by central authority, were not imposed by it.

A further lesson from these case studies that the record is still out on is whether reforms should be sudden and radical, as occurred in China, New Zealand and Chile, or gradual as occurred in the United States from the mid-1950s to 1970. Under what circumstances is it best to have radical reforms, both in terms of political feasibility and the economic hardships that may occur? The best of worlds, of course, is the Chinese case where the rural reforms increased the real incomes of almost all rural people and did so immediately. But in industrial market economies, reforms do impose economic pain.

A final speculative point may be noted. Most agricultural reforms have occurred as a part of general economic reform. This is true of those reforms that reduced government intervention. The EC has now started on a major reform of liberalization with respect to creating a community without borders – finally achieving what was promised in the Treaty of Rome. If the Community becomes one economic unit, can the CAP really survive? Only time will tell.

Rapporteurs for the above sessions of the Conference were:

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Participants in the discussions included:

D. Harvey, J. Volans, D. Coleman, N. Cox, J. Strauss, F. Thoumi, D. Farris, D. Paarlberg, R. Benalcazor, H. Binswanger, G. Johns, H. S. Kehal, S. Kjeldsen-Kragh, S. Larrea, D. Tomic, F. Fekete and G. Peters.