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AGRICULTURAL COMPETITIVENESS: MARKET FORCES AND POLICY CHOICE

PROCEEDINGS
OF THE
TWENTY-SECOND
INTERNATIONAL CONFERENCE
OF AGRICULTURAL ECONOMISTS

*Held at Harare, Zimbabwe
22–29 August 1994*

Edited by
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INTERNATIONAL ASSOCIATION OF
AGRICULTURAL ECONOMISTS
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UNIVERSITY OF OXFORD

1995

Dartmouth

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Published by Dartmouth Publishing Company Limited
Gower House
Croft Road
Aldershot
Hants GU11 3HR
England

Dartmouth Publishing Company
Old Post Road
Brookfield
Vermont 05036
USA

British Library Cataloguing in Publication Data

Agricultural Competitiveness: Market
Forces and Policy Choice – Proceedings of
the Twenty-second International
Conference of Agricultural Economists,
Held at Harare, Zimbabwe 22–29 August
1994. – (IAAE Series)

I. Peters, G.H. II. Hedley, Douglas D.
III. Series
338.18

Library of Congress Cataloging-in-Publication Data

International Conference of Agricultural Economists (22nd : 1994 :
Harare, Zimbabwe)

Agricultural competitiveness : market forces and policy choice :
proceedings of the Twenty-second International Conference of
Agricultural Economists, held at Harare, Zimbabwe, 22–29 August 1994
/ edited by G.H. Peters and Douglas D. Hedley.

p. cm.

Includes index.

ISBN 1-85521-627-2

1. Produce trade—Government policy—Congresses. 2. Agriculture
and state—Congresses. 3. Sustainable agriculture—Congresses.

4. International economic relations—Congresses. 5. Competition,
International—Congresses. I. Peters, George H., 1934– .

II. Hedley, Douglas D. III. Title.

HD9000.6.I529 1994

338.1'8—dc20

95–16660
CIP

ISBN 1 85521 627 2

Typeset in Great Britain by Manton Typesetters, 5–7 Eastfield Road, Louth,
Lincolnshire, LN11 7AJ.

Printed and bound in Great Britain by Hartnolls Limited, Bodmin, Cornwall

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PREFACE

For several decades the International Association of Agricultural Economists (IAAE) has been active in Africa, and most countries on the continent are represented by IAAE members. The Association held the 16th International Conference of Agricultural Economists in Nairobi, Kenya in 1976, and in July 1990 an Inter-Conference Symposium was held in Namibia. In 1994 the Association returned to the continent to hold the 22nd International Conference of Agricultural Economists in Harare, Zimbabwe, on 22–29 August.

On this occasion, 691 agricultural economists, representing 76 countries from all five continents, gathered to discuss the theme of 'Agricultural Competitiveness: Market Forces and Policy Choice'. This volume provides an account of a very important meeting.

The agricultural economy is in flux all over the world. Agricultural reforms and adjustment programmes are occurring in all regions. Countries with market economies are attempting to improve the efficiency of their existing systems, while in other countries the creation of a market framework represents the major task. The GATT agreement requires adjustment everywhere, since the countries involved have committed themselves to reduce protectionism and to give more scope for comparative advantages and competitiveness. The role of government is also changing throughout the world. The move from a command system to a market and private ownership-based agriculture is the major objective in Central and Eastern Europe. Under these conditions, the choice of 'Agricultural Competitiveness: Market Forces and Policy Choice' as the conference theme was a very appropriate decision of the IAAE Executive Committee. It provided an excellent framework to discuss all the major issues of current agricultural development and it inspired lively debates and first-class papers.

The Conference was conducted at a high professional level. Many of the participants were involved in presenting papers or commenting on them, a large number took part in the vigorous discussions following the presentations, and all had the opportunity to join in discussion groups and mini-symposia. First of all I would like to thank all the participants who contributed to the various aspects of the programme and the general success of the Conference. The Harare meeting was a very important event in the history of the Association, which proved that the IAAE is able to cope with the challenges of global agricultural development and remain the most prominent professional association within the global family of agricultural economists.

The IAAE Council selected Africa as the venue for the 22nd Conference to promote the profession on the continent, and especially in the Southern African Region. Many African countries have recently been experiencing turbulent times. One of the most obvious changes is that the Republic of South Africa

has entered its post-apartheid history. The agricultural economy of the region is also characterized by deep-rooted changes far exceeding the scope of reforms of earlier years. The need for agricultural policy guidelines is obvious and I hope our gathering has provided some contribution to the solution of region-specific problems.

This book makes available all the major papers presented at the conference. In an addition to the opening address of the Honourable Robert Gabriel Mugabe, President of Zimbabwe, the Elmhirst Lecture, Presidential Address and the Synoptic View of the President-Elect, all plenary and invited papers are included, together with summaries of the discussions which followed. The development of the Conference programme was undertaken by Douglas Hedley, Vice-President Programme, who invited six internationally respected colleagues to assist him in developing the major sections of the programme. Dr Hedley and the section organizers produced a well-balanced and intellectually challenging agenda. The IAAE editor, Professor George Peters, was in charge of editing this volume and providing the final touches to the record of our proceedings. To all of them, and especially to Douglas Hedley and George Peters, the profession owes a great debt of gratitude for organizing a highly successful congress, and making available an excellent volume in a most timely manner.

These proceedings do not include contributed papers, or the discussion group and mini-symposia reports. They will be published in separate volumes later this year. Many thanks are due to Roger Rose (Australian Bureau of Agricultural and Resource Economics) and Larry Sivers (United States Department of Agriculture) for arranging the sessions. The poster papers have also been a very successful part of the meeting, and Professor Kenneth J. Thomson (University of Aberdeen) is thanked for his excellent work in arranging that component of the programme.

The organization of the 22nd Congress was an extensive undertaking involving many persons from the region and the IAAE. The current members of the IAAE and all the Congress participants are grateful to their colleagues for the hard work which ensured the success of the event. First of all the efforts, reliability and organizational capabilities of the Zimbabwe Organizing Committee are gratefully acknowledged. The Zimbabwe Organizing Committee, chaired by Dr Ruvimbo Chimedza, made enormous efforts to guarantee the smooth running of the Conference. The Zimbabwe Organizing Committee consisted of 16 members who were primarily responsible for the various major activities, with each main member being supported by a sub-committee. The work of the Organizing Committee was also backed by an advisory group of distinguished Zimbabwean government officials and businessmen. Our host country colleagues have done a superb job in organizing a very successful international event, while maintaining an African flavour.

A large number of donors made significant contributions to the conference. In particular, G.T.Z. (the German Technical Cooperation Agency), the Zimbabwe Ministry of Lands, Agriculture and Water Development, the University of Zimbabwe, the International Development Research Centre of Canada and USAID made generous donations, which were supplemented by over twenty other local and international donors to guarantee the success of the local organizational efforts. The Ford and Rockefeller Foundations and the Japanese

Association of Agricultural Economists provided travel grants for participants from developing countries and Central and Eastern Europe.

The 22nd Conference required a great deal of technical and secretarial support as well as the editing and publishing of the 'Cowbell', our traditional daily newsletter distributed to all participants. The preparation of this newsletter was a time-consuming and demanding task. Professor Bud Stanton did an excellent job as the current editor and publisher of the 'Cowbell'. He was assisted by Lori van Rijt (Agriculture and Agri-food, Canada), who also provided secretarial support to the Executive Committee.

The Conference was another important milestone in the history of IAAE. It has proved the strength of the association and the fact that the agricultural economics profession is successfully coping with new challenges and developments in a rapidly changing world. Those who participated in the meeting, when reading this volume, will have the opportunity to remember the time spent together in Harare and to reflect once more upon the high quality papers presented. Furthermore, I am convinced that this volume will be a very valuable contribution to our profession in general and important reading for those who want an overview on the current state of the agricultural economics profession.

CSABA CSAKI
Immediate Past President

INTRODUCTION

The theme of the IAAE 22nd International Conference, held in Harare, Zimbabwe in August 1994, was 'Agricultural Competitiveness: Market Forces and Policy Choice'. The brunt of the on-site organizing work was borne by a local committee, ably headed by Dr Ruvimbo Chimedza (University of Zimbabwe), though in accordance with the accepted practice of the International Association of Agricultural Economists the task of evolving a theme and an array of speakers fell to the Vice-President (Programme), Dr Douglas Hedley. Those who attended earlier meetings, or who read the ensuing publications, will immediately be on familiar ground. This volume contains all of the papers which were presented either in 'plenary' or 'invited paper' sessions, which are grouped into seven sections. Traditionally, however, the conference begins with opening sessions in the form of the Elmhirst Memorial Lecture (D. Gale Johnson) and Presidential Address (Csaba Csaki) and ends with a 'synoptic view' by the President-elect (Robert Thompson). The considerable bonus on this occasion was that President Mugabe of Zimbabwe consented to open the proceedings, and we are pleased to have received his permission to include his remarks. Those who attended the conference will vividly remember the event. The ceremony was much helped by its chair, Mrs Hope Sadza.

Once again the Vice-President Programme was assisted by organizers who took responsibility for some sections of the programme. The divisions, with their named organizer, were:

- I *Competitiveness: Domestic and International Market Adjustment*
Douglas D. Hedley, Agriculture and Agri-food Canada
- II *Adjustments and Transition in the Agrifood Sector and the Development of Market Economies*
Robert Saint-Louis, Laval University, Canada
- III *Public Policy for Agriculture: Role of Constitutions, Institutions and Political Economy*
Gordon C. Rausser, University of California, Berkeley
- IV *Competitiveness: The Challenge for Farmers and Rural Areas*
Ulrich Koester, Institut für Agrarökonomie der Christian-Albrechts-Universität, Kiel
- V *The Environment and Sustainability in Agriculture: Latent Policy Conflicts*
Alex Dubgaard, Royal Veterinary and Agricultural University, Denmark

VI *Human Capital Investment in Agriculture for Competitiveness*
Carl Eicher, Michigan State University

VII *National and International Research and Technology Transfer: A Basis for Competitiveness*
Jock R. Anderson, World Bank, Washington

Within each section the first two papers printed are those delivered to plenary sessions of the Conference, the remainder being the invited papers. On this occasion, there are two changes in format from that of the Tokyo meeting (Peters and Stanton, 1992*). There the section organisers were asked to provide a summary of their part of the programme at the final session of the conference. That was not done on this occasion. The other change is that all of the discussion openings appear together at the end of each section, partly because openers were given the opportunity either to focus on both papers of a session or to concentrate on only one of them. Pulling the discussions together also has the advantage of providing readers with a quick overview of the content of each section. It is regretted that some scheduled discussion openings are missing, owing to circumstances outside the control of the organizers. When papers or discussion openings were presented by persons other than their authors this is noted.

Once again, rapporteur reports summarizing the conference floor discussion and the replies of the paper presenters are excluded, though the names of rapporteurs and chairpersons (who are thanked for their valuable assistance) and of floor participants are recorded at the end of the discussion openings. The traditional synoptic view of proceedings by our President-elect concludes the volume.

The programme of the conference included two special sessions. The first, under the title 'Market Forces, Public Policy and Institutions for Growth', was devoted to issues affecting Africa. The organizer was Godfrey Mudimu (University of Zimbabwe), chairperson Tobias Takavarasha (Ministry of Lands, Agriculture and Water Development, Zimbabwe) with rapporteurs Luther Sibisi (Development Bank of Southern Africa, South Africa) and Mrs Hyuha (Makere University, Uganda). Papers were presented by Mandivamba Rukuni (University of Zimbabwe), Jan van Rooyen (University of Pretoria, South Africa) and Ernst-August Nuppenau (Department of Agricultural Economics, University of Kiel, Germany). Discussions were opened by Hadari Amani (University of Dar es Salaam, Tanzania) and Nick Vink (Development Bank of Southern Africa, South Africa). The second related to problems of transition in Central and Eastern Europe. It was organized by Tadeusz Hunek (Warsaw), with the chair being taken by Michel Petit (France, of The World Bank), with Csaba Forgacs, (Budapest University of Economics) as rapporteur. Papers were presented by T. Hunek, Ulrich Koester (Institut für Agrarökonomie der Christian-Albrechts-Universität, Kiel), Kym Anderson (Centre for International Economic Studies, University of Adelaide) and Secondo Tarditi (University of Siena,

*Peters, G.H. and Stanton, B.F. (assisted by G.J. Tyler) (1992), *Sustainable Agricultural Development: The Role of International Cooperation*, Aldershot: Dartmouth.

Italy). The discussions were opened by Stanley Johnson (Centre for Agricultural and Rural Development, Iowa State University). Both sessions provided the opportunity for a wide exchange of views and it has to be regretted that further reporting cannot be fitted into an already lengthy volume.

Following the previous pattern of publication, other activities of the Conference are reported elsewhere. Roger Rose (Australian Bureau of Agricultural and Resource Economics), Carolyn Tanner (University of Sydney, Australia) and Margot Bellamy (CAB International, UK) are editing *IAAE Occasional Papers 7* (also due for release by Dartmouth Publishing). It will also contain reports on Poster Sessions (organized by K.J. Thomson, University of Aberdeen). Members will note that Bruce Greenshields, who has frequently been the organizer of the contributed paper competition and the joint editor of the subsequent volume, has relinquished a most difficult task through pressure of official duties at the United States Department of Agriculture. Discussion group records are being distributed as *Members Bulletin, 13* which is being assembled by Larry Siviers (United States Department of Agriculture). Profiles of the newly elected life members of the Association are included.

We owe a particular debt to many helpers who were not members of the organizing committee – Patricia Kambarami, Susan Machakata, Lizzie Zungunde, Welcome Lugube and Maxwell Chiwashire. The day tour organizers were Mr Tsododo and Mrs Chimbira.

Secretarial work in the preparation of the programme was undertaken by Lori van Rijt (Agriculture and Agri-food, Canada). During the conference she also assisted B.F. (Bud) Stanton (Cornell University) in the production of the 'Cowbell' (the daily conference newsletter). All who attend our conferences will appreciate the effort which is involved in that task, how valuable it is in providing information about the conference, and more widely in informing members of IAAE activities. In Zimbabwe the editors were particularly fortunate in having Emma Matimati (University of Zimbabwe) on hand to organize the mass of secretarial work which a major conference can generate. In Oxford a debt is owed to Denise Watt and Roger Crawford, who did a great deal to help the editorial process, and to the library staff of Queen Elizabeth House, University of Oxford (notably Sheila Allcock, Bob Townsend and Gill Short). Help and encouragement was also received from Owen Jones, Julia Knight and (not least, again) Judith Peters. The staff of Dartmouth Publishing Company (notably John Irwin and Sonia Hubbard) were again enthusiastic and constantly helpful. Tony Waterman was a most efficient copyeditor.

The International Association records its debt to the many organizations and universities which have lent 'in-kind' support to its activities. They are not listed again simply because many of their names already appear in this Introduction.

The views expressed in this book are not necessarily those of the IAAE or of the institutions to which the various authors are affiliated. The IAAE is also an organization without any form of political affiliation and the use of geographical descriptions is simply a matter of convenience.

G.H. PETERS

Editor, International Association of Agricultural Economists

DOUGLAS HEDLEY

Vice-President Programme