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in a Rapidly Changing World

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AGRICULTURE AND THE
POLITICAL SCIENTIST

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Whatever motives are followed or interests served, human action in agricultural policy, as in any other fields of social action, is subject to four main constraints: technological, economic, social, and political.

1. Technological constraint comes about in answer to the question ‘Can it be done at all?’ Is a certain action possible under conditions of existing knowledge and resources accumulated in the natural sciences? Can the available means achieve the desired ends?

2. Economic constraint poses the question ‘Does it pay?’ To what extent is one action preferable to another in the cost-benefit line.

3. Social constraint puts a brake on action with the question ‘Is it acceptable for the survival of the social environment in which the action is taking place?’ since no action can in fact take place in a social vacuum.

4. Political constraint deals with the question ‘Is the action agreeable to those in control of political power in a society?’ i.e. How will it affect the power structure? Will it strengthen or weaken it?

The technological questions must be answered by the natural scientists and technologists, with their ever-expanding field of action. The economic questions are handled by economists who optimize benefits. Social action is covered by all those who pose problems of values: ideological, religious, legal, or philosophical, contracting or expanding the field of social action. The political questions fall to the political scientists who explore the power structure and how human relations are affected by it.

The order of these constraints, their magnitude, direction, and acuteness may vary, but it is their combined effects that are felt. Natural scientists, economists, sociologists, and political scientists may all study the intermixing of influences, the extent they substitute for, conflict with, overlap, or complement each other. Their subject-matter is the same, but their intentionality in research depends on the laws and principles of their respective disciplines and therefore gives rise to different conclusions. Whose task is it to integrate these conclusions, and provide the best answer? It is our opinion that no solution is scientific enough to justify actions which go beyond the consensus of what is acceptable to those fellow men who work and have to bear the ultimate risk and carry the burden of such actions. In the dilemma between the ideological imposition of a Cause and the democratic consensus of the People, we opt for the latter.

1 Dr. Bičanić might have wished to make minor adjustments to his paper or his concluding statements but unhappily he died before the proofs were available.
Our particular task in this paper is to explore the special role the political scientist can play and the useful function he can perform in contributing to the improvement of the position of those active in agriculture in the rapidly changing world of today.

I

Political science is comparatively new as an academic discipline. Studies of political behaviour go far back into human history. A body of political doctrine, based on generalized experience, was established long ago. But only recently has political science developed as a separate social science, building a consistent system, searching for general laws of political behaviour, assessing the scales for weighing rational expectations against probable risks in prediction, and attempting to measure complex political activities by quantitative methods.\(^1\) It deals with subjects such as structure and distribution of power over men in societies, the social and economic bases of such power which conditions long-term political action, long- and short-term changes in location, the strength and tension of such power. It explores operational ways and means for guiding political decisions and influencing their causes and consequences.\(^2\)

On the one hand, we are dealing specially with agriculture, on the other, in explaining power relations, we are limiting ourselves to Public power as a potential for determinative action, or as a determinative action itself exercised by Public Authorities which have an unconditional monopoly of such power. These authorities have the capability of affecting the actions of people engaged in agriculture, using the threat of severe deprivations

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\(^2\) Power consists in the probability of preserving the inner structure of one of the systems in a clash with little or no relevant modification, at the price of bringing about relatively large modifications in the structure of the systems which clash with it. Politics... consist of such production, use, and distribution of power as will prove compatible with social inclusiveness and growth beyond the power field alone. That social group or structure has most strength... which can undergo the widest range of changes without losing its cohesion in a few essentials, so as to be able to include other patterns and structure within itself without losing its identity or its continued capacity for growth'. Karl Deutsch, *Nationalism and Social Communication*, M.I.T. Press, 2nd ed., Cambridge, 1966, pp. 73, 74.
for non-conformity with the policies intended. Thus the actor exerting the influence on agriculturists is the general government, and the actors subjected to such influence are the agriculturists. In other terms we are examining what changes in agriculture, occurring at what time, induce the government to act in favour of agriculture, and what changes in society cause the government to take measures which impose certain non-intended behaviour upon agricultural producers.

We have developed our explorations along four ideal types of agricultural development, which it seemed to us could be singled out, isolated, and explained, from among the great variety of types of agriculture in different countries at various levels of development and under different social and economic systems (see synoptic Table 1). We are aware of the shortcomings of these generalizations, but we will be content if, through them, some light is thrown on to the problems of interdisciplinary research in economics, demography, sociology, and political science.

### TABLE I. Types of Agriculture (Synoptic Table)

<table>
<thead>
<tr>
<th>Agricultural policies</th>
<th>Life parity</th>
<th>Price parity</th>
<th>Income parity</th>
<th>Technical parity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural population changes</td>
<td>Fast absolute increase</td>
<td>Absolute stagnation</td>
<td>Absolute decline</td>
<td>Fast absolute decline</td>
</tr>
<tr>
<td>Relative decline</td>
<td>Fast relative decline</td>
<td>Relative decline</td>
<td>Slow relative decline</td>
<td></td>
</tr>
<tr>
<td>Type of agriculture</td>
<td>Subsistence agriculture</td>
<td>Marketing agriculture</td>
<td>Entrepreneurial agriculture</td>
<td>Contract and planned agriculture</td>
</tr>
<tr>
<td>Maximization of production</td>
<td>Per ha.</td>
<td>Per sale</td>
<td>Per unit</td>
<td>Per man</td>
</tr>
<tr>
<td>Main role of agricultural operator</td>
<td>Livelihood provider</td>
<td>Commercial dealer</td>
<td>Capitalist entrepreneur</td>
<td>Technical manager</td>
</tr>
<tr>
<td>Lower critical policy line</td>
<td>Hunger line</td>
<td>Just price line</td>
<td>Poverty line</td>
<td>Technical obsolescence line</td>
</tr>
<tr>
<td>Upper critical policy line</td>
<td>Waste line</td>
<td>Maximum price line</td>
<td>Opulence line</td>
<td>Technical prodigality line</td>
</tr>
<tr>
<td>Main instrument of taxation</td>
<td>Poll tax, Land tax</td>
<td>Turnover tax, excise, customs duties</td>
<td>Income tax</td>
<td>Corporation tax</td>
</tr>
</tbody>
</table>

We have explored the position of these four types of agriculture along the lines of social interdependence as expressed in agricultural policies seeking life parity, price parity, income parity, and technical parity. We found the determinants of such policies first in changes of relative and

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absolute numbers in agricultural population, taken as independent variables: when agricultural population increases fast in absolute numbers and slowly in relative figures; when there is almost absolute stagnation in absolute population, and great changes in relative population (the population turning-point); when such populations begin to decline absolutely and relatively; and when the decrease is fast in absolute figures and slow in relative.

We have called the four types of agriculture subsistence agriculture, marketing agriculture, entrepreneurial agriculture, and contract or planned agriculture. The first maximizes production per hectare, the second production per sale, the third that of the production unit as such and the fourth production per man occupied in agriculture. The corresponding roles of the head of the agricultural production unit are those of family livelihood provider; commercial dealer in agricultural produce; agricultural entrepreneur; and technical manager. The first has mainly to fight natural risks, the second the whims of the market, the third the pitfalls of investment, and the fourth the intricacies of technical progress.

We shall describe in greater detail the differences accruing from various methods, and how differently gains are assessed in our four types of agriculture. After that government measures will be explored along the corresponding critical upper and lower lines of agricultural policies.

II

In recent years reasonably great advances have been made in attempts to use more exact methods in decision-making on policy instead of mere ‘political intuition’, stirred by emotion or ‘sound judgement’ based on a limited amount of facts or even mature experience of past procedures (see Appendix). Advice to policy decision makers is most necessary concerning this new field of policy analysis, since the new methods use procedures which require special technical knowledge of the factors influencing, and elements forming, the connections and interrelations upon which modern decision-making rests. This is the particular field of research for a special type of highly qualified political scientist. Agriculture is not debarred from using this opportunity, and the people interested could reap good profit from using quantitative methods to measure gains and losses from agricultural policies. ¹ This is of particular importance in countries at a lower

¹ Programming systems have as their objective ‘to sort out all the myriad programs and activities of the defense establishment, and regroup them into meaningful program elements, i.e. integrated combinations of men, equipment and installations whose effectiveness could be related to one . . . objective. These are the basic building blocks as well as the decision making levels of the programming process . . . . Whenever possible program elements are measured in physical terms . . . as well as in financial terms thus including both “inputs and outputs”, costs and benefits’, C. Hitch, *Economics for Defense*, University of California Press, 1966, p. 32. Forget all about ‘defense’ and read instead ‘agricultural policy’, and you will realize that a complex activity such as agricultural policy faces a similar situation. Indeed the Department of Agriculture is among the twenty-two U.S. Federal Government agencies to which the cost-benefit analysis methods will have to be applied.
level of development where the danger of voluntarism and arbitrariness is especially great, because of the limited interdependence of agricultural activities and of lack of political information among decision makers.¹

Cost-benefit or operations research methods could be applied reasonably well to our four types of agricultural policy. There is quite a family of such methods. We will distinguish four according to the degree of measurability, the directness of the stream of costs encountering benefits and the intentionality of the relationship.² These four are cost-effectiveness, cost-price, cost-benefit, cost-efficiency.

We propose to use the cost-effectiveness method when we analyse the life parity policy. Here we have a case where it is least possible to reduce the measurement to a common denominator. The object given is to secure means of subsistence for the family. It is an objective that is so overwhelming that the measurement of cost is not relevant in money terms. Performance is stated only in natural effect. The objective is measured by how well subsistence is provided for how many members of the family, and how the family is kept together. Cost-price analysis belongs to the marketing type of agriculture, which is the classical type of market relation reduced to market prices and costs in money terms. Money is the common denominator and gain is calculated as profit, i.e. difference between cost and price. Nevertheless one must emphasize that the relationship is linear, and profit is calculated by aggregating commodity relationship. Prices and cost are reduced to the present value at the market under conditions of imperfect competition. Social costs and social gains are not taken into account. The method for what we call entrepreneurial agriculture is cost-benefit analysis. It embraces the total stream of tangible and intangible

¹ 'In less developed economies the information problem is of capital importance because of the price inadequacy ... the lack of knowledge of resources, of expert surveys, of technical know-how, of the difficulties of assessing economies of scale, and of consumer preferences at higher or variant income distributions, further inhibit the practical use of opportunity costs', M. Kaser, 'Analysis of Costs and Benefits in Social Programmes', U.N., Problems and Methods of Social Planning, 1964, p. 52. Under these handicaps action cannot be rationalized, but remains full of political voluntarism ending in dictatorships to correct other people's voluntarism by their own supreme voluntarism — until the mutual checks and counterchecks of each others' voluntarism in the self-interest of survival opens the way towards democracy.

² 'Government services are not usually sold. Sales and market prices are not good measures of benefits ... The Benefit-Cost analysis provides a systematic way of thinking about allocation problems in government. It makes explicit assumptions which underlie budget figures, determines what activities might be more efficiently performed by private enterprise and what more appropriately carried out by the government. This analysis is most persuasive where the cause-effect relations are clean and the benefit-cost relations measurable. It has the purpose to inform the policy makers of efforts and effects to be considered, thus serves as a tool to aid in policy and budget decisions', Lester, Manpower Planning in a Free Society, Princeton University Press, 1966.

For special application of the system in government policy in the U.S.A. consider the P.P.B. (Planning, Programming, Budgeting System) introduced first in the Department of Defense and now spreading gradually to all other U.S. government departments, for which great merit goes to former Assistant-Director of the Bureau of the Budget, Henry S. Rowen. I am indebted to Mr. Rowen for information regarding the general use of these methods and the indication of bibliographical sources.
benefits, gains, and advantages against the total costs of achieving them, private and social. Both are evaluated in money terms expressed explicitly or imputed when natural, non-moneyed elements are concerned. The performance is looked at as a whole with intangible and secondary effects and side-effects added. The choices of alternative uses and mixes of capital are decided taking into account their lifetime operating costs. The most suitable method for contract agriculture is the cost-efficiency analysis. The efficiency method takes into account natural and money indicators measured in a scientific manner (e.g. money cost per calorie unit, fat content of milk, animal proteins in food, capital coefficient of investment, etc.). It implies the maximum use of specified resources at minimum cost, and economies achieved must not affect the implementation of objectives. These increases in efficiency form the main basis for the agriculturists' income.

III

How do changes in the politically exogenous environment of agriculture affect, penetrate, or permeate the political sphere of the power structure? We are restricting ourselves to the study of the application of public power or general government as it affects agriculture. In this field we shall study the following three questions: (a) who are the actors administering the application of power in agriculture? (b) what are the means by which this application takes place? (c) what are the ends which make the government intervene so that the levelling mechanism and the parity policy are put into action? This parity policy is on the borderline between specific agricultural and 'general social' (non-agricultural) interests.

In the context of this paper agricultural policy implies no other motivation than that of the use of power for making deliberate changes in agriculture in order to preserve an existing social and political system. We are not dealing with other motives of social action affecting the redistribution of agricultural goods and services such as aid, transfers in the form of gifts or religious alms, moral charity, humanitarian equality, or national and class solidarity, etc. We are leaving aside also the effects of 'spontaneous' market relations striving towards maximum returns to buyers and sellers of commodities. Nor are we considering such targets as full employment through the firm mechanism conditioned by the observance of technical norms (coefficients).

Our specific concern is the government redistributive system as it affects agricultural goods and services, natural resources and capital income and produce, human labour and technical know-how.

1 'Levelling mechanisms are ways of forcing the expenditure of accumulated resources or capital into channels that are not necessarily economic or productive. Every society has some form of levelling mechanism, but in primitive and peasant economies levelling mechanisms play a crucial role in inhibiting aggrandizement by individuals or by special social groups', Manning Nash, Primitive and Peasant Economic Systems, Chandler Publishing Co., San Francisco, 1966, p. 35. For a description of some such mechanisms, cf. pp. 72–80.
1. Actors

Actors in the government redistributive system are politicians and government agency officials on the one hand, and, on the other, people engaged in agricultural activities, and those whose wants are being satisfied by agricultural products. (a) These actors are in an asymmetric position, the former using power to influence the actions of the others, the latter accepting the redistribution when it is in their favour, fighting against it when it causes them loss and setting in motion counteracting powers. (b) The specific character of this use of power in agriculture is that the government embodies a concentrated number of actors having a monopoly of power, while on the agricultural side the number of actors is very large and spread over a vast space, therefore their power is diffuse. (c) Power applied in agricultural policy has to pass through several levels of concentration which gives ample chance for deviation and distortions on the cost-benefit line. (d) A government redistributive system presupposes a certain centre of action which takes goods and commands services from one social group and gives to another (while keeping the lion’s share for itself). In a monocentric system, based on a monopoly of power this centre operates without much control in the form of checking its redistributive effectiveness. Moreover waste can be presented disguised as efficiency if there is monopoly of information in the hands of the monocentre. 1 A polycentric system can be more effective in that it can counterbalance the action of one centre by the actions of other centres and integrate auto-regulative and auto-organizing systems to redress the upset equilibrium. In fact, instead of simple mechanical equilibrium we are proposing to strive towards a homeostatic equilibrium. It is our experience that integration by planning is more effective and less wasteful than centralization by command. Centralization does not necessarily equal rationalization. 2

1 ‘An actor is subject to a constraint when a state (use of goods or satisfaction) which he effectively desires, is made impossible or prevented from existing’, F. Perroux, *Economie et Societe. Contrainte—Echange—Don*, Presses Universitaires de France, Paris, 1960, pp. 134 ff. Perroux distinguishes the constraints of obstacles, of adversaries, and of public authorities who have the monopoly of unconditional constraint. This constraint is limited, as with all monopolies, by potential rivals (in a democracy there are potential rivals who have a chance to replace the ruling group) and checking and mutual counter-checking of more than one centre of decision.

2 There are two apparently conflicting views as to what the function of the centre is. A redistributive system of exchange is a form of reciprocity with political or economic centricity. Some central agency collects goods or commands services and then distributes them among the social units and persons who have preferred them. ... Redistributive exchange rests on social differentiation along some axis of prestige and power in equality, but operates to minimize that gap, to constrain the use of power differentials in the society and to make status gaps more honorific and ceremonial than economic and political’, Manning Nash, *Primitive and Peasant Economic Systems*, Chandler Publishing Co., San Francisco, 1966, pp. 32, 33.

The other view is given by Perroux. ‘The preferences of the actors can be combined into a social order without the necessity to establish a dictatorship conceived as an order of preferences of a Centrale, in opposition to the preferences of a plurality of actors. By these two aspects the total order, the economic order of the global society of all actors, and all variables which the characterize their choice, allows theoretically to determine the
Thus there are limits to the effectiveness of government redistributive systems. In fact, government redistribution is a sign of ineffectiveness in distribution by other mechanisms.\(^1\)

2. The Means

The method used by the government redistributive system is command instead of demand, and requests to comply instead of supply, i.e. to comply with government orders where supply does not match the claims to satisfy demands as recognized by the government.

This system of redistribution operates under the principle of no equivalence of valuables exchanged, which affects the concept of parity. On the other hand, there are no unilateral transfers (in the technical sense) as is often presented, but a reciprocity of interests, often more implicit than explicit. Government action in borderline cases of parities takes the role of equilibrator giving to some what was taken from others. Its gain is in the preservation of the power relationship, and the maintenance of the political structure. The pre-supposition is that the government is the representative of the interests of society. The measurability of effect on both sides is different. On the government side there is a much more easily measurable effect which can be expressed in terms of money. For the other side, since the gain from such action has its effect in physical dimensions, it is much more difficult to ascertain. This means that the burden of the cost and benefit of the gain is blurred.

3. The Ends

There are two lines of parity which determine the upper and lower limits of government intervention in agriculture by the redistributive system. The lower line is that where the government intervenes by using state power in order to transfer goods and command services from other sectors in favour of agriculture. Agriculture thus gains goods and services at present values in exchange for the expectations of the government of both survival and gain in the future. The upper line of parity is that where the government orders resources and services to be transferred from agriculturists in order to be distributed to the non-agricultural sectors.

Thus there are two critical lines of parity.\(^2\) We call them critical on justified constraints and the requested constraints', F. Perroux, *Economie et Société*, pp. 142–3.


\(^1\) 'In developed societies spontaneous actions and reactions of social groups conveniently managed and transformed into collective habits, spare the Public Authorities an enormous effort of constraint. When the consumers vigorously and intelligently resist unjustified increases in prices, when the producers compete intensely with one another, when workers and employers agree to a certain formula to attach the wages to productivity, the State can intervene discreetly', Perroux, op. cit., p. 140.

the lower level because they require government intervention to redress
the upset balance where there is no strength in the agricultural system itself
to return back to 'normal', i.e. where the limits of elasticity in the physical
sense are approached. This happens, for example, when hunger threatens
the population with physical extermination; or when the price scissors are
so unfavourable to agriculture that production needed by the non-
agricultural population is seriously hampered; or when income in agricul-
ture is so unfavourable that the agricultural population (the best part of it)
leaves agriculture; or when technical efficiency reaches a stage where
work in agriculture is so inefficient and so little productive that it cannot
stand comparison in costs with other sectors and countries.

The upper line of parity is established on the subsistence level when
there is hunger or deficiency among the non-agricultural population, or
when prices of agricultural produce increase to such a level that they
threaten to reduce the purchasing power of the non-agricultural population,
or when non-agricultural incomes fall at the same time that opulence is
reached by the reduced number of agricultural producers, sending the
bulk of their produce to the monopolistic market. The technical prodigality
line demonstrates that agricultural investments have reached a stage
where they are stimulated by other than economic motives, such as status
symbols, individual or collective, political favouritism, or monopoly of
power.

It is comparatively easier to establish a lower parity line assessed by
objective standards, and to find a common yardstick of measurement.
But this cannot be said for fixing the upper parity line. Here political
decision-making has a wider field of action, reaching from economic
necessity to political party arbitrariness and division of the spoils. Natu-
really lines of parity change over time corresponding to changed situations
and level of development. Changes vary with the change of political power
too. Many methods have been devised in order to determine parity lines.
The requirements set are that such lines should represent certain values
adopted and assured to be the same for all individuals, agricultural as
well as non-agricultural, or which differ in a known way within limits of
the political system. These values should be able to be commonly accepted,1
or at least not made unworkable by an upset of the existing power relations.
They may be set by political factors, or accepted by them even though set
by others (political party, ideology, national ideal, church, class struggle,
etc.). Thus they have to be explicitly or implicitly socially recognized.

Parity lines should mobilize sufficient political support ('general social
support' as the quoted U.N. Report calls it), to pull the victims of the
upset economic balance back to equilibrium on the old or some new level
through the use of political force.2 There must be agreed standards of
behaviour enabling social adjustment processes of beliefs, customs, and

1 U.N., Report on ... Standards and Levels of Living, pp. 5-8, 45, 47.
2 'When social continuity becomes a conscious goal of most members of a society we
may assume the society and culture are under attack from some overwhelmingly threaten-
ing other society and culture . . . an acculturation situation.'
accepted values to support such action of power. Finally the degree of tension must be within the breaking-point of elasticity which kept the flexible balance of push-in and push-out, pull-in and pull-out factors in continuous check.

The no-return situation in some variables has to be counter-balanced by dynamic equilibrium in the stream of variables of a global balance. In fact we can recognize in the game three systems whose elements have to be put into equilibrium: on one hand is the internal system of power relations, and on the other two external systems, one of them is the agricultural equilibrium matching agricultural resources and requirements—the other is the non-agricultural system balancing the supply of agricultural resources to their non-agricultural requirements. In the system of redistribution by government action, the government takes the role of the equilibrator of both external systems, transferring agricultural resources to the non-agricultural sector, or goods and services from the latter to agriculture. Such redistribution aims at putting the external system into equilibrium in cases when their own auto-regulative system and other systems of distribution such as the market, the contract, or the planning, the village, or the tribal mechanisms cease to operate effectively.

The study of such tensions and their discovery and measurement is the object of the research of the political scientist. His role is to locate the field of conflict, to shape the tools of analysis, to find the limits of tolerance of auto-regulation and the breaking-points of resistance to deformations, the connectedness of agricultural interrelations, the effectiveness of the economy, and limitations to the use of power.

IV

1. Policy of life-parity

In this ideal type of agriculture, change is dominated by a considerable increase of agricultural population in absolute numbers, which is of greater rate than its relative decrease in comparison to the total population. The cause may be a demographic explosion, concurrent with lack of outlet in employment in non-agricultural occupations at home or emigration to other areas. There is also shortage of land and capital. This is the well-known and much-discussed case of agriculture in most under-developed countries.

Agricultural production is carried out within the framework of a subsistence economy due also to a poorly-developed infra-structure. It makes the peasant producer little resistant to the pressure of the big landowner whose interests dominate agricultural policy, but these are not considered to be critical any longer from a political power relations point of view. Land is the main factor of production to which labour is subor-

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Yield is so low that the fluctuation in the harvest over years makes a very high percentage of the average harvest. This minimizes efforts to capital intensification and favours extensive cultivation by cheap and dependent labour.

The main worry of the agricultural producer is to provide food and means of subsistence for his family. The greatest threat to this task comes from the blind forces of nature, and his fear of natural risk predominates over all rational considerations. Therefore he values his performance, contrary to all advice and propaganda of agricultural experts, along the lines of cost-effectiveness and not cost-price relationship. He measures his efforts both in terms of natural outlay and monetary expenditure. But he evaluates his gains in terms of his performance expressed in the natural dimension, that of how he manages to keep himself and his family alive. The struggle for survival in physical terms is overwhelming.

The predominant multi-dimensional cost-effectiveness reasoning controls relations with the outside world. The meagre, marginal, market mechanism, with an imperfect price formation, on the brink of natural and moneyed sectors, gives ample opportunity for the greatest exploitation of the peasant. His relationship with the State in terms of taxes and other government services bears a similar character.

This situation determines the power relationship in the field of politics. The basic concern for the survival of the existing power structure is to maintain in existence the social structure based on subsistence economy, and in particular not let it fall below the lower critical point. This breaking-point is reached where the subsistence economy ceases to operate, and the whole social structure based on it blazes up into hunger riots, mob explosions, instinctive and uncontrollable mass movements, peasant revolt. Agricultural policy is dominated by the same factor: the priority goal is to increase food production for the auto-consumption of the agricultural producers themselves. Maximization of such production per hectare is the main policy target.

We propose giving such a policy the name of a life-parity policy, because it is based on the idea that the State is obliged to provide a minimum level of subsistence, and not to let anyone starve. If this threatens the agricultural population of an area, the non-agricultural and agricultural population from other areas have to provide means to assure the minimum parity level of subsistence. The measures to keep the agricultural producer above the hunger line are varied. They range from government distribution of free grain and other food to the needy agricultural population to the establishment of emergency village food baskets, regional and national food stock-piling, foreign aid in case of disaster,\(^1\) the U.N. Food Emergency Fund, etc. Homestead laws, exemption from seizure of minimum areas under cultivation for debt or tax and poor laws\(^2\) are all

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\(^1\) e.g. imposition of food rationing in non-hunger stricken areas in order to help the hungry ones suffering from natural disaster (India).

\(^2\) Allocation of land by land reform laws to submarginal smallholders or agricultural labourers.
instances of legislation to preserve the peasant above the hunger line. So, too, are the organization of agricultural consumer personal credit, on the basis of government-sponsored mutual aid co-operatives; social, pensions and sickness benefits for agricultural population, public insurance against hail, fire, flood, and animal diseases. Land tax or poll tax are the forms of taxation considered to be adequate for this situation and level of development.

The policy of expansion of the areas for extensive subsistence agriculture finds its natural or financial limits, and the main emphasis then turns to problems of land redistribution. Removal of the feudal obstacles to individual land inheritance and to commerce in land, and the strengthening of the mobility of landed property by creation of mortgage credit organization are the respective measures of land policy. Above all comes the policy of land reform, both as abolition of rent in labour, cash, and kind, and in the form of real distribution of land,¹ which is an outward sign of the changed power structure where big landowners have lost their dominance.

We called the critical upper limit the waste line, in opposition to the hunger line. Waste takes place in a subsistence economy when agricultural products are wasted, i.e. used in a less economical way than they would be in the non-agricultural sector, when the latter is threatened with hunger, destitution, or food deficiency, and when the market and other mechanisms of supply break down. Government measures taken to meet this situation are those of requisition of agricultural products in case of war, taxation in kind, and compulsory deliveries to government agencies—at below real production cost price in some socialist countries, etc. The main concern of those in power is to extract surpluses from the subsistence economy to support the social overhead. The same kind of products are redistributed by the government as are required by the peasants for their subsistence, and stimulation goes to increase the quantity, i.e. surpluses over and above the limits of the needs of the agricultural population. The definition of such ‘surpluses’ is often very arbitrary. They are extracted either through the intermediary of the market, or the money-lending mechanism, or, when these fail, direct fiscal pressure is used, often acting in collusion with the market.

Maximization of the size of agricultural holdings and land reforms by real distribution are measures to extend the area under cultivation, when there is no more land available. Land above a certain level is considered as wasted surplus—when more than an area necessary for the maintenance of the family is in the hands of the big landowners or rich peasants while the remaining agricultural peasant population cannot exist on their meagre

¹ Many a learned foreign adviser or domestic expert, opposing distribution of large estates, has utterly failed when advocating a policy of cost-benefit optimizing of capital investment where cost-effectiveness of physical survival was at stake at a critical point for the existing power structure. These experts talked a language which was rational, but in another co-ordination system of rationality than the survival of the agricultural population. Their logic was out of place unless other than agricultural sources of income were created for the surplus population.
land on the level of subsistence, and where at the same time there is no opportunity for other employment or for emigration.¹

2. Policy of price parity

The situation where a policy of price parity is required is reached when the agricultural population stops increasing in absolute numbers, stagnates, and begins to decrease. Therefore we call this stage the turning-point of agricultural population. The agricultural population continues to decline in relative terms at an accelerated pace. This is the same as saying that an increasing demand is being created for agricultural products by an increase in the percentages of non-agricultural population. The demand is threefold: need for food for the urban population, demand for agricultural raw materials for manufacturing and processing industries, and requirements for export in order to meet the demand for import of consumer and capital goods, fuel, and raw materials. Subsistence agriculture cannot provide an adequate supply for these purposes either in quantity or in kind. Instead of selling surpluses to producers' own consumption, production specially for the market has to be developed.²

Increased demand requires a specific stimulation for production for the market which develops to meet such new requirements. The line of supply and demand now moves along the cost-price axis. The demand is effective in monetary terms of available purchasing power. Supply also has to be effective on the market, which means that the time dimension is reduced to the present value of actual exchange through the market mechanism.³ Thus the producers' market performance depends on the continuity of his flow returns which secure not only his means of livelihood but also his ability to produce which depends on the inflow of production goods. Thus to the natural risks of production, risks of marketability are added. They provide the lower critical point of operations of the market mechanism.

The agricultural producers' main role becomes that of a commercial dealer in agricultural produce. What his product-mix should be in order to maximize his cost-price differential depends on his personal ability.

¹ The land reforms in Yugoslavia show how this upper limit of the critical parity line changes. Consecutive land reforms set the maximum size of agricultural holdings after 1918 at 600–1,200 hectares, in 1946 at 25–35 hectares of agricultural land and in 1953 to 10 hectares of cultivated land. Land given to the beneficiaries of the reform amounted after 1918 to 0·5 hectares per member of the household, and in 1948 to 1·5–2 hectares per household.

² Most of the East European countries experienced a land reform after the First World War, which had to secure, by real division of land, subsistence to millions of peasant families of the region. During the Great Crisis of the Thirties the main problem of the agrarian policy was the problem of the 'price scissors' between agricultural and industrial prices of goods. The same problem seems to be one of the guiding topics of discussion at the U.N. Conference on Trade and Development in Geneva in 1964.

³ The production process is conceived as an isochronic and equivalent process, i.e. the market mechanism is not interested in the time dimension (how long it takes to produce the goods, and how long capital invested will last, etc.), it is equivalent in the sense that all goods at the market are supposed to have the same price whatever the expenses incurred.
Maximization of sales for profit becomes uppermost. The price scissors between the product bought and sold by him are the indicators of the producers' performance.¹

The power structure thus depends to a larger extent on agriculture on three areas which communicate through the market mechanism. If the flow of food to concentrations of urban population is upset, serious political problems might arise. Even a reduced flow will manifest itself in an increase of the cost of living, will cause workers' strikes and discontinuity in non-agricultural production, which then brings about unemployment. Exports would seem to be the most adaptable if it were not for the inelastic local demand for imported goods, capital, and know-how, which have to be paid for by agricultural exports. Therefore they have a critical influence on the foreign balance of payments. Thus agricultural policy is mainly preoccupied with problems of price parity with the aim of stimulating agricultural production for the market. It also has to act as a countervailing force in order to keep the flow of domestic agricultural production increasing in spite of any adverse tendency in price relationship on external or internal markets.

This is the lower critical point. The upper one develops when the prices can no longer ensure increase of agricultural production and structural changes become necessary for survival.

3. Income parity

When the agricultural population continues to decline in relative terms and also begins to decline in absolute numbers the stage of income parity is reached. The pull-out forces away from agriculture towards other activities become stronger than the pull-in forces, and rural exodus takes proportions which depletes agriculture of labour. Optimalization of production per unit (farm, estate) now becomes the main issue in agriculture. Capital investment is the chief factor in the search for greater benefits; and the accelerated process of substitution of labour by capital, and to a larger extent the substitution of capital of lower productivity by that of superior productivity takes place.² To the market dimension another important dimension is joined, that of time. The question of the longevity of the

¹ The price parity was defined first in 1933 in the U.S., 'to re-establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period'.

² It is very interesting to follow the subtleties of the changes in the definitions of the price parity in the U.S. from 1933 onwards. Cf. O. V. Wells, 'Parity Prices and Parity Income Formulas 1933-57' (U.S. Congress, Policy for Commercial Agriculture, its Relation to Economic Growth and Stability, Joint Economic Committee, Nov. 1957).

² There is a marked difference between the income parity and price parity. Poor farmers who sell little to the market would not be protected by the policy of price parity. Therefore suggestions were made to accept an income parity, which was defined in the U.S. by the Agricultural Act as 'gross income from agriculture which will provide the farm operator and his family with a standard of living equivalent to those afforded persons dependent upon other gainful occupations'. And commenting on it, O. V. Wells said: 'The determination of equivalent standards of living involves much more than
capital-mix and the quality of capital (technical progress) play a predominant role. The main function of the agricultural operator becomes that of a capitalist entrepreneur securing the right capital-mix in order to optimize his income. Thus to the lessening influence of the natural risk and the extended risk of market relations an ever-increasing financial risk of capital investment is added. The decision-making process involves so many decisions a day among so many variants that only a person living on the spot, used to making decisions, and guided by a knowledge of his personal interests, can carry it out.

Capital for investment is available to agriculture in general terms like capital investment in all other sectors.

Capital investment becomes so large that the burden cannot any longer be successfully carried by the producer alone and he increasingly becomes more a technical manager and less an entrepreneur. In a capital intensive agriculture to counteract the long-term risk of the market, contract economy and economic planning increasingly come into use.

Specialization and fast technical progress mean that less capital is necessary per production unit, and productivity in agriculture becomes higher and rises faster than in many industrial activities.

The bi-dimensional cost-price relationship is expanded into a multi-dimensional cost-benefit relationship, where the differences between a stream of cost and a complex concept of benefit are optimalized.

Power relations are affected by this in many ways. On the one hand the number of agricultural voters is declining fast. The ever-increasing need for capital investment per man puts a brake on the entrance into agriculture of all those who are short of capital. This would lead to further social differentiation of agriculture into capitalist agriculture and proletarians if the 'pull' forces outside agriculture were not to attract the latter at a faster rate than they were proletarianized. Thus the agricultural proletariat is reduced just at the time when entry into agriculture has become difficult.

Agriculture is no longer a sector outside the business sector run according to exceptional economic considerations. It has become part of the general entrepreneurial economic system. In this situation an income-parity policy becomes the main preoccupation of government policy with triple purpose: to paralyse the influence of rural exodus, to assure an adequate rate of general interest for the capital invested in agriculture, equivalent dollar incomes. A family's well-being depends not only on income but also on other factors such as the accumulation of assets and consumer goods over the years, the availability of adequate health and educational facilities, and such intangible factors as are involved in evaluating country versus city life' (U.S. Congress, Policy for Commercial Agriculture, p. 520).

The dominant trend in agricultural policy in European socialist countries in the 1960s became ever more the problem of income parity. The policy manifests itself in measures to increase the incomes of the kolkhozniks, and to secure them by regular payments, social insurance, and pensions, e.g. in the U.S.S.R. in 1966. Cf. R. Bicanić, 'Problems of Socialist Agriculture', Indian Journal of Agricultural Economics, Bombay, July-Dec. 1964.
and to offset the effects of monopolistic and monopsonistic power over agricultural production in an integration process.

A parity policy finds its lower critical point at the income level of the poverty line. This line can be described in absolute terms as income per family of agricultural producers of a certain level (say $3,000 p.a.). Or it can be more adequately expressed as the income which still keeps the agricultural farmer on land together with the members of his family. The line can be differentiated according to the income differentials in various countries, and regions within the country. As there is no question of earning a rate of profit for invested capital but of survival on land as owner of a distinct production unit, it is necessary to introduce into the parity comparison also all items measurable in money and in kind as well as non-measurable elements of the standard of living, such as cost of health and educational services, opportunity costs for employment, leisure time, recreation, etc., and other elements which in a comparison of town and country life might act in favour of the peasant leaving the land in search of a better level of living.

Thus instead of a relatively simple cost-price line, or cost-profit relation an over-all cost-benefit is required to define the poverty line.

Therefore other elements are added to mere agricultural economic policy of production, marketing, and of subsidies and tax exemptions, such as educational and health facilities for farmers' children, special agricultural or over-all national health service including the agriculturists, youth clubs, community development centres, etc.

The top critical line of income points is that of opulence, by which is meant an income level which, when overstepped, puts in motion redistributive action by the government for reasons of adequate sharing of the burden of the social overhead, or social equity, or political pressure against unearned incomes. The main instrument of such redistribution today is the progressive income tax and progressive inheritance tax (death duties). In socialist countries it is the capital tax, profit sharing between socialist agricultural estates and the government, etc. Some measures of legislation in favour of agricultural labour can be put into the same category in redistributing parts of the opulence income to those who laboured for it. Nationalization of landed estates is the most radical measure to end the opulence of some.

4. Technical parity policy

This type of agriculture develops when the decline in agricultural

1 In the U.S. the poverty income line was defined as income of all those families which is below $3,000 a year. The Social Security Administration defined a poverty income standard taking into account family size, composition, and place of residence. Of all farm households 30 per cent were classified as being under the poverty line (Economic Report of the President, 1966, p. 113).

2 The problem of poverty is widely treated in the U.S.A. in Reports of the President. 'Poverty is the inability to satisfy minimum needs. The poor are those whose resources—their income from all resources, together with their asset holdings—are inadequate', Report, 1964, p. 62.
population slows down in relative terms, i.e. when the division of labour has reached stagnating level, but the absolute number of agricultural population declines rapidly.

Replacement of labour by capital is no longer a matter of profitableness but an absolute necessity since there is simply no labour available for agricultural work at any price. Abundance of capital in the country makes heavy capital investment possible in agriculture, and spectacular technical progress reduces the capital–output ratio in agriculture as elsewhere. Therefore less capital per unit of product is required.

Personal abilities are less demanded of the farm operator and his risks reduced by contracts in marketing, by technical services, and various forms of insurance. His main risk is the risk taken for capital investment in innovations. Personal abilities are greatly supplemented by extension services, education, and government production research (farming by recipe!). Integration relieves the farmer of threefold heavy risks, natural, commercial, and financial, but he has to pay for this by a considerable reduction of his independence. This is so because combinations of production factors are no longer so dependent on farmers' personal skill and experience as before, but more on research, and development of formulae for production factors. Capital remains the main factor of production and a common denominator of success. Therefore economies of scale can operate optimally and concentration of farms into bigger units dominate. Rewards for resources used are similar in all farms in function of capital invested, thus depending on accumulation and indivisibility of capital. Prices are also similar in all agricultural enterprises and consequently the differential pay-off depends on the managerial skill of the farm operator; technical management becomes his main function. Cost-efficiency becomes the leading criterion of performance.

In such type of agriculture the bottom line of parity is the technical obsolescence line. Competition subordinated to the predominance of technical progress simply cannot let the farmer operate below a certain technical level. Neither can this be in the interest of the national economy

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1 In America the idea of the freedom of the farmer is linked to the minimum of government intervention. Arguments put forward in favour of this are: that freedom to decide the use of one's resources is a basic value essential to the fullest development of the individual; farm income and efficiency will be greater if farmers are free to work out their own decisions; government intervention involves cost to taxpayers and is an inconvenience to farmers. U.S. Congress, Policy for Commercial Agriculture, p. 505.

2 D. R. Kaldor (Iowa State College) set the following requirements of economists for efficient farm industry: 1. The output of each farm product would be produced at minimum cost. This would mean that all producers would be using the best practices and the lowest cost combinations of land, labour, and capital. 2. The composition of farm output—the relative amount of each product—would be geared to the pattern of demand for agricultural commodities. This would imply that the rewards for resources would be similar in all farm enterprises. 3. The total output of farm products would be adjusted to the total demand to give a level of prices that would be similar in all farm enterprises. D. R. Kaldor, 'Farm Policy Objectives: A Setting for the Parity Question', U.S. Congress, Policy for Commercial Agriculture, Nov. 1957, p. 505.
as a whole. The gap between technical possibilities and actual performance reaches the lower critical point in receptive capabilities of agriculturists, in comparison to non-agricultural occupations. The discrepancy between hard labour in the fields and ever softer labour in factories and in town further creates pressure for technical progress. Vocational and managerial training, general education up to college level, government agricultural extension services, expansion of research and development facilities, are the measures of government policy. Technical aid is the outward recognition of such endeavours both in national and international fields in order to bring about technical parity and spread minimum technical knowledge in international comparisons.

Some more coercive redistributive measures have been taken in connection with technical parities. Such are laws (e.g. in the U.K. and Yugoslavia) ordering private owners to work their lands according to some minimum technological standards under threat that land might be taken from them and rented to more able managers; obligation to work one's own land, etc. Use of technical norms prescribed by law in socialist agriculture is another example of such minimum technical lines.

The upper critical line of technological parity is what we call the technical prodigality line. This is the level of technical work above which the government redistributive mechanism is set into operation, because of application of technical progress beyond economic reasoning (e.g. what is technically possible but economically does not pay or cannot be permitted in terms of the social values accepted by the society).

This is the case of over-capitalization in agriculture which some government measures try to reduce, and of conspicuous production (e.g. use of some means of production as a status symbol). Government measures restricting production and paying premiums for not using available capital can be put into the same category of technical prodigality, like the production restrictions in the U.S.A. (soil bank, subsidies, etc.). Government-prescribed standards of production can also be classified in a similar category.

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Having established the existence of constraints to social action, and examined the types of agriculture from the point of view of their social recognition by government action in parity relation to other interests in society, we ask ourselves what role the political scientist can play in making and implementing agricultural policy. We emphasize that we are not talking about politicians, men of action, but about political scientists, men of science. Our purpose is not to determine the field of action and poles of attraction of politocrats, who make choices of final decisions and pass value judgements. We are opposed to the idea that such choices should be made by bureaucrats, people who run government affairs from offices by rules and regulations, or by technocrats, who think they know all the answers and therefore have the divine function to run human affairs.
We believe that politics, including agricultural politics, is too serious a business to be left either to the technicians or the economists alone, nor should it be left unconditionally to the politicians. Each of these has a specific role and acts under specific constraints in the complex game of policy-making.

We agree that politics and economics have a common basic ground, and that 'politics is the concentration of economics' (Lenin). When an economic situation becomes so 'thick' that it requires government action then it becomes a political question. On the other hand, we recognize the danger (expressed by Max Weber) of giving advice without bearing the responsibility. In this mixture of various roles it is not only useful and advisable, but imperative that all those engaged in formulating agricultural policies or implementing political measures in agriculture be trained in essential matters of political science. Reliance on experience and common sense in politics, justified as it is neither in agricultural technology nor agricultural economics, is no longer enough in view of the increasing complexity and improvements in scientific knowledge.¹

What then is the specific role of the political scientist in agricultural policy? In our opinion his main task is to rationalize the process of decision-making and implementation. It is for him to prepare the logistics of decision-making, and to find functional relationships in the political game. The political scientist can perform his role in different capacities such as:

(a) He can act as an expert, a research scholar, engaged in finding facts and exploring their relationships; (b) he can act as adviser giving his opinion on alternatives presented and exposing the consequences of alternative decisions to be taken; (c) he can be employed as an apologetic lobbyist, presenting, advocating, or defending those agricultural interests which hired him; (d) he can also act as an arbiter weighing arguments and counter arguments in a conflict of interests and find whose ends are best served by what means.

There are various approaches to political conflicts which the political scientists have to explore. Among many theories we consider that special attention should be given to the Dahl-Harsanyi theory of political games. Dahl² found the following elements of power relations: (a) the base of power, that is the resources that the actor can use in order to influence other people's behaviour, such as facts about the number of voters and their class structure, the weight of economic interests, the existing legal situation and institutional framework, etc.; (b) the means of power, i.e.

¹ Here is the advice given by a prominent American scholar to the famous Mexican National School of Agriculture at Champingo: 'We need to know more about institutions of law and government and to find how they can be better employed in agricultural development. . . . Political sciences and law have never directly been considered part of the rural social sciences in the U.S. probably because so many of our agricultural colleges are part of universities that emphasize law and government in other faculties. Yet these subjects may well be part of an adequate social sciences program under your conditions', Bryant E. Kearl, Agricultural Development Council Papers, New York, May 1966, p. 5.

the tools of action by which resources can be applied to influence the opposite opinions; such as public meetings, publicity, speeches in parliament; (c) the scope of power, which represents a set of actions undertaken as a whole, covering the purported ends; (d) the amount of power set in motion compared to the tasks to be performed, that is the probability of actually performing the desired action; (e) the set of individuals over whom power is exercised by the actor.

To these, in our opinion, another important element should be added, that is the number of actors taking an active part in the action and forming the power structure of a society.

Harsanyi\(^1\) has added two important dimensions to Dahl’s elements of power. His main contribution is the effort to measure the gain from the political game. His elements are: (a) the costs to the actor of attempting to influence the opponent’s behaviour; (b) the strength the actor has to apply in order to make his opponent yield to his influence in the game.

By these methods experts in political game theory can quantify to a considerable degree of probability some gains and losses from political action which may be useful for all concerned to know.

**APPENDIX**

There is considerable difference of opinion\(^2\) as to the definition, methods, and objectives of the cost-benefit analysis, which is the most popular name for a family of concepts and overlapping methods dealing with the choice of alternative uses of means for intended ends.\(^3\) Some authors talk of cost-benefit, others of cost-utility, and still others of cost-effectiveness, of operational research, and of system analysis, etc. A stage has been reached when some efforts at systematization would be useful.

All authors dealing with these methods have in common the extension of the computation over and above micro-economic costs by bookkeeping methods, to total social or external costs and gains, in order to maximize the ratio of achievements to costs. To quote a few examples of

\(^1\) John Harsanyi, ‘Measurement of Social Power, Opportunity, Costs, and the Theory of Two Person Bargaining Games’, *Behavioral Science*, no. 1, 1962, pp. 67–80. ‘In more precise words the costs of A’s power over B will be defined as the expected value of the costs of his attempt to influence B. It will be a weighted average of the net total costs that A would incur if his attempts were successful and if the net total costs that A would incur if his attempts were unsuccessful.’


differences of approach: Alan Dean defines cost-benefit analysis as an effort to measure tangible and intangible benefits against the costs of achieving those benefits. Cost-effectiveness for him is 'selection of alternative approaches to the achievement of a benefit already determined to be worth achieving', Cost-utility analysis is defined by him as 'a specialized technique of operations research utilizing advanced mathematical techniques, particularly model building, as an aid to decision making'. G. Steiner defines the various methods differently. Cost-benefit analysis is a method to 'measure the benefits, gains or advantages for achieving the objectives by each alternative means chosen for examination ..., requiring calculation of all major costs and benefits that make comparisons relevant ..., alternatives from measurement of a common denominator, usually money'. And he defines cost-utility as the 'most objective evaluation possible of the cost of alternative programs in relations to their values ..., measuring the advantages of achieving an objective by the use of dollar expenditure in one way versus another'.

Of special interest to us is the distinction between cost-effectiveness and cost-efficiency methods, both of which we used in our paper. Both are of the same linguistic origin (ex facere = work out). The Shorter Oxford English Dictionary makes the following distinction. Efficiency can be taken as actual production of an effect: a result. But the following distinction might be made. Effectiveness can be taken as actual production of an effect; a result as the function of working out an intentional accomplishment. Efficiency means action resulting from the exercise of energy or skill; action adequate to intended result. While the term effectiveness is correlated to the cause- and effect-relationship, efficiency is the antonym of wastefulness. The former could be described as a result produced irrespective of magnitude of effort, while the latter is connected with the idea of producing results adequate in relation to the energy, action, or power used. Most authors warn against the arbitrary use of either term. Some, nevertheless, e.g. Arthur Smithies, make a clear distinction between effectiveness and efficiency. Effectiveness in a programme relates the programme to the achievement of its objectives, while efficiency is concerned with the action which is carried out. The distinction depends on the possibility of measurement which is smaller when dealing with effectiveness. Efficiency implies measures taken to achieve economies which will not affect the attainment of the objectives of the programme. McKean reserves the method of cost-effectiveness to tests of a maximum effect for a given budget, or to a specified effectiveness at minimum cost. For this latter we would prefer to use the term efficiency.

2 G. Steiner, Problems in Implementing Program Budgeting, Novick, op. cit., pp. 310 ff.
3 Based on definition given in the Shorter Oxford English Dictionary and Webster's Dictionary of Synonyms.
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Rudolf Bicanić

Cost-benefit and similar methods first found widespread and ample use in water-resources projects (including agricultural use), in defence, in preservation and use of natural resources, in road and railway building, in project evaluation, in educational and health research, and also in estimating effects of government services, especially the P.P.B. (Planning, Programming, Budgeting Method). Its use in agricultural policies provides ample opportunities for further development.

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It is not uncommon for sophisticated agricultural economists to practice as jack-leg political scientists. To admit this fact may be good for our private souls and may also aid discussion. Whether economists ought to be more skilled or more abstemious is perhaps a moot matter but we should at least be more knowledgeable.

Surely in this age when political affairs form the setting for so many economic issues in agriculture it is appropriate that this conference should open with a paper on agriculture and the political scientist, and particularly that we should have the benefit of Professor Bicanic's thoughtful remarks.

Early in his paper Professor Bicanic defines political science in terms that I take to be essentially orthodox. I could wish that he would not employ the word 'power' so exclusively and would instead develop the concept of sanctions. Sanctions is a more comprehensive term, embracing all the forces that direct or control action, ranging from custom at the one extreme to statute law at the other.

At one point Professor Bicanic is more restrained in defining the scope of his analysis than I would be. He writes, 'In the context of this paper agricultural policy implies no other motivation than that of the use of power for making deliberate changes in agriculture in order to preserve an existing social and political system.' Agricultural policy ought to do more than adapt to an existing social and political system; it should be con-

1 Advocating the creation of an Office of Secretary of Resources in the U.S.A., R. McKean and M. Anshen propose a comprehensive programme. This hypothetical natural resources programme would include a package of measures including agriculture, water-supply and use, forests, outdoor recreation facilities, and grazing.

2 To translators, this American slang means, approximately, 'crude and amateur'.

3 The late Edwin Witte reminded his audience that economics grew out of 'political economy', and he regretted the change in name. 'To my way of thinking economics is or should still be or include political economy. . . . Political economy [is] a more appropriate term, because it directs attention to the important role of government in the economy.' Edwin E. Witte, 'Economics and Political Economy', outline of lecture, p. 2, quoted in Warren J. Samuels, 'Edwin E. Witte's Concept of the Role of Government in the Economy', Land Economics, vol. xliii. 2, May 1967, p. 133.

4 Political science 'deals with subjects such as structure and distribution of power over men in societies, the social and economic bases of such power which condition long-term political action, long and short term changes in location, the strength and tension of such power. It explores operational ways and means for guiding political decisions and influencing their causes and consequences'.
cerned also with evolutionary change. Agriculture must take part in over-all social change; and the discipline of political science should be able to help guide its participation.

However, I may be reading Professor Bićanić too literally. If he means that objectives of agricultural policy are subordinate to those of over-all social policy, I agree wholeheartedly. The economic sphere is not autonomous with respect to its objectives.

Also worth noting is Professor Bićanić's definition of the functional place of the political scientist.¹

We need to use the talents of political scientists and sociologists and members of still other disciplines. The impact of changes taking place in the structure of agriculture is sweeping. Those changes are only partly economic. Yet agricultural economists often discuss the non-economic aspects in such sterile terms as whether or not the faith of so-called agricultural fundamentalism is being professed. We should do better.

Professor Bićanić introduces the concept of four forms of organization of agriculture, ranging from subsistence to a contractually planned agriculture. His interpretation deserves careful reading, which yields increasing marginal returns to time and effort. This is not to imply unqualified endorsement. In particular, I have doubts about associating the four forms of organization so definitely with stages of economic development. But I will not take time to list the points on which I agree and those on which I would propose changes.

The theme I have found most useful to describe structural change is the double one of increased application of capital goods as a resource, and increased concern for futurity in management. With respect to the former, I reject the language, used by Professor Bićanić and many others, that capital is applied as a substitute for labour—language that diverts attention from the fact that the ultimate goal must be to maximize return to the human element. I prefer to say that labour applies capital to land. The second half of my theme relates to long-term investment in means of production and conscious management decisions to produce a predetermined target output, all of which is known as rationalization.

The idealized concept of use of capital goods in agriculture takes advantage of the mobility of that resource, as contrasted with fixity in land, not only to increase marginal returns to labour but to equate them. Paradoxically, returns are to be equated to labour of equal quality as defined according to its capacity to employ capital goods. Carrying this concept to its logical conclusion justifies measures to avoid anti-competitive obstructions to mobility of capital, and it leads to the doctrine that the principal farm programme needed is one to remove surplus labour.

I claim a peculiar right to disagree with so idealized a way of thinking.

¹ The political scientist is concerned with 'discovery and measurement' of tensions and conflict, and 'his role is to locate the field of conflict, to shape the tools of analysis, to find the limits of tolerance of auto-regulation, and the breaking points of resistance to deformations, the connectedness of agricultural interrelations, the effectiveness of the economy, and limitations to the use of power'.
because I was one of the first agricultural economists to emphasize the significance to agriculture of employing so much physical capital of almost perfectly elastic supply. Now I must warn against carrying the argument too far. Agriculture is by no means exclusively capital using. It is a mistake to draw inferences as though it were. Only when total requirements for food and fibre are met by chemical synthesis will 'agricultural' production be truly rationalized. Until then, it will be of a mixed character and will get some of its distinguishing properties from the uniqueness of that essential resource, land.

In the English language capital is a homonym. Requirements for finance capital are huge, and they restrict entry into farming and create financial risks so weighty as to overshadow the requirements for technical skill in farming. Yet the larger financial requirements are not for acquiring physical capital goods, but land. In the United States the annual expenditure for physical items of production (production expenses) is about $22 or $23 billion dollars. Investment (i.e. current value of assets) in machinery, equipment, and livestock is about $40 billion. That in buildings, other than dwellings, amounts to around $16 billion, and the present (as of 1966) market value of land alone is approximately $140 billion. Thus manifest is the dominating position of investment in land, which essentially capitalizes marginal returns to a scarce resource. Agriculture is not yet an industrial enterprise, and institutions of land acquisition and landholding are not yet relegated to limbo.

As agriculture is of mixed nature it cannot be entirely rationalized. Yet the forces to make it more so are powerful. The apparatus necessary to the purpose must be complex—more complex than if agriculture were entirely industrial. And so the question arises as to how the apparatus of control is to be organized, and who is to operate it?

One way to view the over-all subject of agriculture and political science is to consider which sanctions—the word I prefer—are to be exercised by government, which by private organizations outside agriculture, and which by farmers collectively through their co-operatives and other organizations. These is something responsible about such an approach. It incidentally buries the idyllic notion of a yeoman who, freed of government 'interference', can return undisturbed to his fields and flocks. As a more rationalized agriculture is necessarily more collectivized, comparisons may be made between the control system in the more socialistic and less socialistic nations.2

To conclude, in a more rationally directed agriculture, the political science of where power rests and how it is to be employed is indeed germane to agricultural economics. If Professor Bićanić stopped short of

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1 There is every reason to believe that in a nation such as the United States, food could then be made a free good. At least the nutrients could be costless to everyone; the process of differentiating the product might add a considerable surcharge.

2 It may be worth noting that the 1966 prize-winning undergraduate essay in a contest sponsored by the American Farm Economic Association, by James F. Tullis, was entitled, 'The Convergent Trend Between the Agricultural Sectors of the Economies of the United States and the Union of Soviet Socialist Republics'.
posing the question of who exercises which sanctions, he at least started us off in the right direction.

D. G. KARVE, India

Not many of us will find it difficult to appreciate certain basic propositions urged in this paper. The legitimate interests of farmers have to be carefully watched in the light of changing circumstances. The nature of the change, and the particular interests affected by it, would indicate the nature and the agency of appropriate action in each case. But in a very vital respect, governments have need to make up their mind as to what they should do about the changing needs of agriculture, for it is within the competence and normal operation of governments either to add to the costs and burdens of agriculture, or to create benefits and advantages for it.

How governments do act, and should act, in particular contexts is the subject of study for political scientists. So far as agriculture is concerned the political scientists will be helped by the schematic presentation of the problems of change contained in this paper. It would, no doubt, be too much to hope that every political scientist will take the trouble to attain the economic sophistication which would be needed to understand and to appreciate such a scholarly and constructive presentation as is given in the paper. But those of the political scientists who take interest in agricultural policies of government may be helped by association with economists who are concerned, who should find it possible, with the help of this paper, to clarify the issues for their counterparts from among political scientists. In fact, if I may say so, to make such contacts mutually helpful, at least some agricultural economists, on their part, will have to be alert to the political implications of the needs of agriculture at different stages of its development. This could, of course, be said of some other allied disciplines such as sociology and agronomy.

Underlying the schematic patterns of change, on the one hand, and their implied significance for governmental action, on the other, there are several significant facts. For instance, when we speak of factors of change, which aspects of change have we in view? Are they only the physical changes, such as the rates of growth of population and technological transformations, which we obviously see? Changes in the knowledge, motivations, and institutions of people—how are we going to take these into account? Even in regard to physical and technological changes—their impact on agriculture will depend in no small measure on availability of alternative courses of action. It would be difficult to construct, even for academic purposes, a uniform scheme of classification of change, which would adequately cover all the probabilities of different combinations of all the variable features which would abound in practice.

Especially the physical, institutional, and human factors would tend to be very different in different parts of the world. Propensity to group action, ranging from the family to the whole community, instead of individual decision and action, and an incompletely differentiated pattern

1 Dr. Karve died before the proofs of his contribution were available.
of industry and agriculture, witnessed in several developing countries, would also pose a situation, which decision-making authorities may find difficult to assess with the help of simple, generalized descriptions. When change, internal or external, affects the life of such communities, the four parities and the two change-inducing factors will not supply a good enough light for understanding and action.

Then again, when we speak of power structure in a community, we are apt to oversimplify, to speak as though freedom and responsibility for community decisions are specifically located in a person, or a group of persons, who can be easily identified and separated from the rest of the community. It is further presumed that these persons have dependable means, or effective sanctions, to implement their decisions. Even in developed countries, perhaps excluding some socialist countries, pluralism and deconcentration of functional authority are more in evidence than people generally recognize. In developing countries, whose number and coverage in area and population are large, power as well as responsibility are diffused. Even when decisions are formally taken, and declared as orders of government, or as laws of the state, they are only indifferently carried out. This somewhat sloppy management of affairs becomes almost a pattern of life, and farmers have to adjust themselves to the situation, exercising their individual as well as collective pressures on a mass process of collective adjustment.

It must, however, be recognized that when in developing communities, not accustomed to sophisticated modes of governmental operation, especially of democratic administration, the opportunity as well as the responsibility for governmental decisions are experienced by the governing group for the first time, the risks of uninformed action, and of action taken without comprehension or recognition of the full consequences, are very real. This is so not only in agriculture but in all departments of life. ‘Educate your masters’ is an exhortation which has a real and an urgent appeal in such situations. The elected representatives and their ultimate backers, the enfranchised people, have to be educated not only in political implications of agricultural decisions, but also in agricultural implications of several of their other decisions, such as those in finance, in trade, in tariffs, in civil law, and so on.

Two other trends in social evolution, which are visible in socialist as well as in other countries, should also be noted. It would be an oversimplification, and in large part an anachronism, to look upon the state as a mutually bargaining, in fact mutually warring, community of classes and interests. These trends rooted in each person’s instincts, experience, and interests no doubt exist. But a conscious effort at developing an integrated community, in which the just claims of all persons and groups are sought to be cared for, is being made in most countries. For communist states, at least in theory, there can be no conflict of classes and interests, but in other countries as well a collective personality, for deriving benefits as well as for bearing responsibility, is developing. Every political, social, or economic analysis, which relies largely on a frame of
We must also recognize that relations among groups are not traceable only to the urge and exercise of power. The rulers and the ruled, the natural haves and have-nots—this juxtaposition will not adequately or realistically describe the innumerable and intimate relationships which exist in modern communities. The vogue of planning—not only economic but over-all social planning—which is now almost world-wide would be meaningless, and devoid of all social justification, if the planners were presumed to operate on a sectional basis, deriving their mandate from possession of governing power, rather than from general acceptance of their objectives and methods. Here also, some noticeable departure from the nexus of conflict and power appears to be called for.

One more aspect of the pattern of political or governmental action, in relation to agriculture, may be mentioned. The process by which governmental action affects agriculture is often redistributive—as between agriculture and non-agriculture. At the end of such a process what one sector gains the other has lost. This no doubt happens even now to some extent. But a large and expanding part of governmental activity is now directly promotional and productive. It is possible that allotment of resources spent on such acts, of particular as well as of general application, can be represented as of a redistributive character. But it would be too much of an 'ideal' or 'schematic' effort of the imagination to be meaningful, especially to an average citizen or politician.

One last word may be said about an aspect of this analysis of the political impact of agriculture which is of growing importance to developing countries. Corresponding to national politics, are international politics. Agriculture is at present more of an international concern than almost any other non-belligerent interest. Agricultural conditions in, and agricultural plans of, developing countries have to run the gauntlet of governmental policies both internally and inter-nationally. Not only because of the more potent non-agricultural interests, but also because of certain ideological preferences for industrialization, even in predominantly agricultural economies agriculture has often to take second place in the priorities of planning. Recently, a certain amount of wisdom has been dawning on planners in this respect.

But in the best of plans the dependence of agricultural plans of one country on the policies of governments of certain other countries cannot be easily avoided. Considering the direct and indirect influence, which foreign aid resources have on agricultural policies of developing countries, it is somewhat disquieting to note that the decisions of the developed countries in these matters often tend to be influenced by objectives which do not take sufficient account of the effects of their acts, of commission and omission, on the permanent interests of the agricultural economies of developing countries. This aspect of the impact of politics on agriculture, the international aspect, might justifiably merit further consideration by members of a truly inter-national body such as this Conference.
Professor Bićanić had the difficult task of treating a subject of such a magnitude that it could easily occupy us throughout our whole Conference. Therefore, he decided to develop a formal and general system which is of interest to all countries. The result of his reflections is the universal matrix shown in the synoptic table at the beginning of the paper.

Naturally, Professor Bićanić had to consider very sharp restrictions and generalizations in order to eliminate all criteria specific to particular countries: viz.

1. Different political systems are neglected.
2. Values and motivations are eliminated.
3. Governments are assumed to have only one motivation in their use of power—to make deliberate changes in agriculture in order to preserve an existing social and political system.
4. Only four types of the redistributive system of parity policy, four stages of demographic development, four types of agriculture, are considered.
5. Farm size (man-land-ratio) and the different patterns of land tenure are not determinative criteria in the model.
6. The power of social groups is not examined.
7. The effects of 'spontaneous' market relationships are omitted.

The share of the farm population in absolute and relative terms represents the decisive independent variable with respect to the formation of the types of agriculture. The model has the logical structure of a conditional clause: given \( A, B \) probably follows.

If the expected result does not come out, the system is regarded as insufficiently determined. Due to the strong restrictions of the conditions it must be assumed that the different types of agricultural policy cannot be coercively determined by the model. For practical use it is necessary to reintroduce some of the eliminated conditions into the system. I shall explain this by two examples.

Let us suppose that the agrarian policy of the European countries during the grain prices crisis in the last quarter of the nineteenth century is to be explained. After the prices had fallen below the marginal costs, agrarian policy evidently had reached a critical point. The reaction of the governments, however, was everything else but uniform. In Germany a system of grain tariffs was set up, whereas in Denmark and in the Netherlands the free-trade system was maintained. The explanation can be given by introducing the following conditions into the model:

\( (a) \) Germany had a government more conservative than that in either of the other countries;
\( (b) \) in Germany large estate owners had a strong political influence;
\( (c) \) in Denmark and the Netherlands low world market prices of feed grain offered a new chance to small and medium farmers to set up intensive production of animal products;
(d) the need for animal products increased rapidly due to intensive demand by the industrial population.

Denmark and the Netherlands became exporting countries for animal products; in eastern Germany the export of rye to Scandinavia was pushed.

The second example is taken from our time. According to the model, we are living in a period of an absolute decline of farm population. The type of agriculture belonging to this period is the 'entrepreneurial agriculture', and the type of policy the 'income parity policy'. How can we explain that within this period the different governments and, due to their pressure, also the authorities of the Common Market, rely so strongly on the means of price and marketing policy, which are, according to the model, specific instruments of the period before? The following conditions explain this deviation:

(a) the historical fact that agricultural prices and costs differed sharply following the different agrarian policies of the member countries made special steps necessary for the adjustment of prices;  
(b) technical progress and declining elasticity of demand for agricultural products initiated surpluses;  
(c) the common agricultural policy has pursued the strongly ideologically supported aim of maintaining as many family farms as possible;  
(d) the mechanism of negotiations in Brussels has led to the transformation of national systems of interventions into a neo-mercantile super system.

Another deviation from the model concerns the aims and means of agrarian policy. In the model each demographic stage and each type of agriculture corresponds to one type of policy with two critical points of action. In reality these aims and methods often get into conflict, because there are so many different types of agriculture in respect of type of production and size of farms. Moreover, the operators are organized in interest groups and put pressure on the governments. Therefore agrarian policy becomes very complex and full of contradictions.

Quite often, consequences must be corrected which were not intended. Often the therapy aims more at the symptoms than at the causes. The maintenance of political and social balance is often achieved by presents offered today to one group and tomorrow to another. The welfare-state economy is very rational as far as the production process is concerned, but very illogical in the redistribution of the national gross income.

In conclusion, Professor Bicanić's typological model comes close to what Marshak calls a 'zero-hypothesis'. What sense is there in such models if they are insufficient to explain actual facts? They can be used as a kind of zero co-ordinate, as a challenge to the scientist to fill the gap between model and reality with exact data. Howard Becker speaks of the 'negative utility' of constructed models. I should prefer to speak of a heuristic orientation model. Perhaps Professor Bicanić wanted to give all of us a stimulating prospect into the wide land of research in the field of agrarian policy. This is what I understand by his remark: 'We are aware
of the shortcomings of these generalizations, but we will be content, if, by
them, some light is thrown on the problem of interdisciplinary research in
economics, demography, and political science.'

The light he throws on our problems elucidates not only the field of
his typological model, like many authors who composed ideal typical
models, he over-reaches with his explanations the boundaries of abstrac­
tion. The principal item of his paper is the impressive demonstration of
his four types of agriculture. He calls them, it is true, ideal types; which
means that by intuition and experience a limited number of attributes
was selected from a great number of real attributes and these were re­
grouped in a constructive way. I cannot embark on the long and confused
discussion on ideal types in literature. Perhaps one can say that ideal
types have the same status in relation to reality as a copy to an image.
However, Professor Bičanić made use of so many real attributes in order
to characterize his types that I would prefer to call them real types.
After all, the time of economic ideal types has gone. Modern methods of
econometrical and mathematical statistics provide real models to a large
extent quantitatively determined.

Professor Bičanić himself said so. It is also realistic that his types are
not clearly marked off and that they have part of their attributes in
common, though in different combinations. This is an indication of the
historical process during which the transitions from one type to another
are often more important than each type itself. The ‘entrepreneurial type',
for example, has many attributes in common with the author’s ‘marketing
agriculture' and ‘contract and planned agriculture'. In fact many modern
farm enterprises can be classified in a blend-type.

I assumed that the type of ‘contract and planned agriculture', as it is
explained by the author, is mainly atypical. By no means is it identical
with the existing types of planned agriculture in socialist countries. It is
more the last stage in a future welfare state, with abundance of capital
and a minimum of natural, commercial, and financial risks. All things
are well settled by the government, and there is not much demand for the
abilities of the farm operator. I would say the human factor is substituted
by mathematical formulas. But would other risks not arise, stemming from
false decisions by central planning?

I fully agree with everything Professor Bičanić says about research methods,
the actions of monocentric and policentric systems, and the role of politi­
cal scientists (in parts II, III, and V). I also agree with both his judgements
as to the value of dogmatism and bureaucracy in politics: 'In the dilemma
between the ideological imposition of a cause and the democratic con­
sensus of the people, we opt for the latter' and ‘We are opposed to the
idea, that choices (of final decisions) should be made by bureaucrats,
people who run government affairs from offices by rules and regulations,
or by technocrats who think they know all the answers and therefore have
the divine function to run human affairs.' I believe there are strong
tendencies towards this kind of policy-making in capitalist as well as in
socialist countries.
As far as the function of the political scientist is concerned I should like to draw attention to two important points. A political scientist working as expert, adviser, or arbiter should not only have wide knowledge and practical experience but also ‘scientific objectiveness’. We all know how difficult it is to free oneself from preconceptions. This cannot be achieved by psychoanalysis, as some advocates of the ‘sociology of knowledge’ believe. This is only self-deception. Science is no matter of individual but of social and public concern. I agree with Popper when he says that scientific objectivity is a result from the attempts at friendly hostile co-operation of many scientists.

However, such a co-operation is only possible if independent institutions exist such as universities, scientific periodicals, congresses, etc., which are serving as a platform for free discussions, like our Conference here.

RUDOLF BIĆANIĆ, in reply

I would like to mention here only a few of the issues which have been raised. First, with regard to sanctions and power—I happen to be a lawyer by training and I am fully aware of the fact that there are no sanctions without power, which is a very unorthodox school in the legal field, but I think it is still effective. What is power is a problem which you would like to deal with here, the relations between power and authority, etc. There is another point which seems to be very important and this will be handled in another conference. The International Economics Association is dealing with problems of the turning-point in economic development and agricultural policy, but I have to point out the fact that capital cannot be taken as a common, standard factor particularly not in a period of very fast economic and technological development. The technological process has led us to the extraordinary phenomenon that in the production function not only population has a negative power but the land factor is kept in the negative sense and also capital has a negative exponent. The quality of capital matters more than the normal expression of capital in financial terms and this change is very characteristic in the most-developed countries. Therefore, my type of product and planned economy was not taken from the socialist countries so much as from the most-advanced capitalist countries. I happened to have the pleasure of spending a year in the U.S.A. where I enjoyed studying the American scene and drew my conclusions on the fast development of contract arrangements, comparing it with parallel phenomena in the socialist countries. We have, perhaps, seen too much of central planning and too much of strait-jacket economics for the operator on the spot and we should make a significant move away from it. I hope that at the next conference we will see a lot of it and you will understand my special interest in the theory of wholly central planning.