



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

## BOOK REVIEWS

*Selected Writings on Agricultural Policy and Economic Analysis*. By FREDERICK V. WAUGH, JAMES P. HOUCK and MARTIN E. ABEL (eds). (University of Minnesota Press, Minneapolis, 1984.) Pp. 466, ISBN 0 8166 1202 1.

To be called on to review the selected writings of a prolific agricultural economist is a daunting task unless one is lucky enough to be confronted with the work of one who knew how to 'parlay' a few simple ideas into a multitude of publishable forms. Frederick V. Waugh was not of this ilk. Much of Waugh's work is simple in the sense that having read through an article of his, the reader is likely very easily to appropriate the ideas which have been served to him in elegant, palatable, and readily digestible form.

The editors have selected wisely from the potential feasts created by the master chef. I can imagine that they must have endured some agonising moments in constructing the final menu for public presentation. The book has a suitable introduction to the writings of a great pioneer in agricultural economics. It is a significant comment on the breadth of Waugh's contribution that the editors were easily able to provide a balanced offering under the four major divisions in the book: Economic Theory and Application, Marketing and Policy, Mathematics and Statistics, and Econometrics.

Much that is useful in agricultural economics received Waugh's attention and the benefit of his insight at some time. The first theoretical paper, 'The Marginal Utility of Money in the United States from 1871 to 1921 and from 1922 to 1932', is typical Waugh. He recognised immediately the potential productivity of the Frisch parameter, or at least the ideas behind it, and the significance of subsistence income. The empirical work in the paper bears three of his hallmarks — graphical analysis, judgment and sense in the application of statistics, and incisive interpretation of results. The last of these was couched, as his interpretations often were, in terms that were both intellectually appealing and homely — 'farmers as a group are usually known as careful spenders who "know the value of a dollar" and do not part with one as readily as do city workers'. Throughout, the articles exhibit Waugh's tenacious passion for the search for operational empirical counterparts which reflect as closely as possible the theoretical constructs which they are intended to represent. In this first paper we are given 'a first look' at a nascent Divisia index, an outcome of Waugh's association with Frisch, Divisia and Tinbergen.

The following articles in this section are Waugh classics, all of them reference material for the researcher and basic information for the pedagogue and his students, and all with the touch of originality and insight which prompted further research in theses and journal articles over many years. No one can talk sensibly about policy issues relating to income and price stabilisation without reference to Waugh's 'Benefits from Price Instability'. Waugh's clarity in presenting the proper and

judicious specification of commodity price ratios in econometric work — ‘A Partial Indifference Surface for Beef and Pork’ — is a reminder of the need for elegant simplicity and the strength of ordinary least squares regression in a wide range of market circumstances. This piece is followed by a veritable gem written with Marc Nerlove — ‘Advertising without Supply Control: Some Implications of a Study of the Advertising of Oranges’. This is a timeless piece of analysis which captures the essence of co-operative advertising or promotion and is one of the earlier unselfconscious writings on producer surplus arising from demand shifts.

In this article, Waugh’s sensible applied touch in using data, the use of graphical analysis and clever but simple transformations to winkle a little more out of the estimates (for example, the long-run advertising elasticity), and his simple method of accommodating external economies and diseconomies make for a rewarding experience for the reader. Proponents of modern, complex models in marketing and advertising work would benefit from a second read or even a first look at what Waugh produced.

With a fine sense of the history of cobweb models in the hands of Moore and Ezekial, Waugh set the stage for much of what was to follow in the way of recursive models. That this important article ‘Cobweb Models’ could be followed by what some would consider Waugh’s finest piece of work, ‘Distribution among Markets’, is an index of his quality as a researcher and a pedagogue. It would seem to me unlikely that one could do justice to a course on marketing without considerable attention to Waugh’s treatment of market equilibrium under competitive conditions and where maximising revenue is the market goal and price discrimination is practised. Graphical and algebraic display are Waugh’s *forte* and in this study they get full play. The mechanisms of discriminatory and competitive pricing are clearly displayed for the student and researcher and when this exposition is coupled with Waugh’s lucid prose the theoretical and practical bones of the price discrimination skeleton are laid bare.

To review this book of readings exhaustively would be to degrade the prospective pleasure for the reader. However, those who have wrestled with stockholding policies for farm products will find that Waugh has at least canvassed many of the problems they encounter. The all-embracing thrust of Waugh’s curiosity pervades the debates on policy and econometrics. It is a book to reflect on.

J. J. QUILKEY

*La Trobe University,  
Bundoora, Victoria 3083*

*The Pastoral Industries in Australia: Practice and Technology of Sheep, Cattle, Goat and Deer Production.* By G. ALEXANDER and O. B.

WILLIAMS (eds). (Sydney University Press, Sydney, 1986.) Pp. 434, ISBN 0 424 00119 5.

In the preface, the editors state that the first edition (1973) has been reprinted numerous times and continues to be in heavy demand. A check with colleagues in the animal sciences confirms the status of the

book as a basic text. Indeed, the book is widely used by a broader readership. A number of well-worn first editions were unearthed during a search at the Bureau of Agricultural Economics. Production quality of the book is good — similar to the first edition. The most obvious difference is the replacement of the black and white cover photograph of cattle (not Friesians!) by a coloured one.

Chapter headings are similar to those of the first edition. Goats, deer and electronic technologies are added chapters, while chapters on modelling and substitutes for meat products have been dropped. Material on these topics is still included in the second edition, however. The orientation described in the subtitle has, if anything, been further emphasised in the new edition. The editors state that the first edition will remain an important reference source, since not all material has been brought forward.

Chapters are authored by specialists and no author appears on more than one chapter. The scope of most chapters is broad and the treatment is thorough. Although the book has a production orientation, the interpretation of production encompasses such diverse aspects as pasture and forage, animal behaviour, history and environment. The authors reference extensively without claiming to be exhaustive. Quality is uniformly high throughout and is a credit to authors, referees and the editors.

The agricultural economics profession is represented by past and present members of the University of Melbourne — Sturgess and Malcolm with a chapter entitled 'Management Economics in the Pastoral Industries' and Watson and Lloyd with 'Economics and Marketing Policies of the Pastoral Industries'. The publisher's blurb claims that 'the economic contributions (are) directed towards . . . (the practice and technology of animal production) . . . rather than to the reporting of economic futures'. This statement is a carryover from the blurb on the first edition and indicates that job openings may exist in Australia for agricultural economics blurb writers.

It is not clear that a chapter on managerial economics is warranted in the book. Obviously a discussion on the specifics of the various management options available to pastoralists is out of the question and condensing the field of managerial economics into a single book chapter is almost as difficult. In the circumstances, Sturgess and Malcolm do an excellent job of broadly reviewing the field of managerial economics relating, where possible, to the pastoral industries.

The task of Watson and Lloyd is easier in their chapter on economic and marketing policies. The policies are clearly defined and specific to the various pastoral industries. They have also been the subject of continuing discussion in the agricultural economics literature. Again, the authors do an excellent job and this chapter represents a good starting point for anyone interested in agricultural marketing in Australia.

A chapter on 'Prospects for the Pastoral Industries' concludes the book, and presents a broad ranging view of current and expected developments. However, the statement that '*for lack of likely viable alternatives* the production of meat and wool will continue to be the dominant form of land use in Australia' is not a great confidence booster. Nevertheless, and despite some evidence presented in the book

that productivity improvement has slowed recently, the possibilities for further technological advances are amply demonstrated in this volume.

This book is a must for those involved in the pastoral industries. For a somewhat broader picture, read it in conjunction with *Rural Industry in Australia* (BAE 1983).

K. M. MENZ

*Australian Centre for International  
Agricultural Research,  
Canberra, ACT 2601*

#### *Reference*

BAE (1983), *Rural Industry in Australia*, AGPS, Canberra.

*Development Economics on Trial: The Anthropological Case for a Prosecution.* By POLLY HILL. (Cambridge University Press, Cambridge, 1986.) Pp. 198, ISBN 0 521 32104 2.

Polly Hill is a distinguished economic anthropologist. Now in her seventies, she draws upon an academic lifetime which has included years of fieldwork spent in the meticulous study of the rural economies of West Africa and southern India. Her experience has led to her becoming highly critical of 'mainstream development economists' who, she claims, 'disdain an empirical approach' to their discipline (p. 156). She believes that they could learn much from anthropology. Hence the subtitle of her book.

The book is divided into two parts. The first part is devoted to a frankly polemical attack on the methodology of orthodox development economics which Hill says is 'far too generalised to be testable in the field' (p. 21), suffers from a Western bias and is so abstract that it fails to take into account the great heterogeneity of rural life. In defiance of reality (and of correct terminology), its practitioners commonly refer to all rural dwellers as peasants and thereby create a pseudo-social unity which is non-existent in fact. Rarely based on solid data, their analyses concentrate on 'typical' or 'average' cases, totally ignoring the great, and economically very important, inequalities of village life.

Hill argues that development economists have arrived at their essentially ignorant position because, with rare exceptions, they 'disdain the work of anthropologists' (p. 51). One of the most important consequences of this is that though anthropologists have long since freed themselves from 'historicist or evolutionary theories', economists still cling to that approach. She suggests that a principal reason for this is their fear of becoming bogged down in empirical detail. It is as if they don't want the facts to get in the way of a good theory!

Hill is especially critical of the 'stages' approach to economic development which provides a 'simplistic exposition of the three stage transition from subsistence to specialised farming' (p. 53). She claims that this approach is dangerously misleading because its first stage describes a subsistence economy which is unlikely ever to have 'existed in the tropical world', its second stage refers to 'cash crops' which are distinct from 'staple crops' as if staple crops were never marketed (whereas they *always* are); and its third and ultimate stage is one in

which market specialisation is complete. Such a continuum of 'no market, some market and all market' flies in the face of reality. It is a 'process of idealisation in which only stage two bears any relation to reality — and then with no analytical precision' (p. 54).

She is similarly critical of the so-called 'population explosion' and argues that much of its associated scare-mongering is the consequence of historicism mixed with poor statistics. In addition, it entails a misrepresentation of the actual pattern of land inheritance in both West Africa and southern India.

This is not to say that Hill is unconcerned with poverty or starvation. Both are of central concern to her but she rejects the views of 'doom mongers' who suggest that the African situation is hopeless. Their views, she claims, are frequently based on ignorance and on their refusal 'to distinguish between the effects of high population growth on well-populated regions' (p. 63).

In the second, and longer, part of the book (Chapters 6 to 14) Hill seeks to put forward a set of 'constructive' proposals to help development economists. Each chapter is devoted to the correction of one or more of their commonly held but false generalisations. Some of these misrepresent the factual situation, as is so when it is asserted that traditional land tenure systems lead to inefficient farming. Of that she says 'Except when population densities are so unusually high that the situation is anyway desperate . . . the inheritance processes in themselves seldom lead to inefficient farming' (p. 102).

Yet other of the development economists' generalisations adopt unjustifiable 'moral' positions. This is well demonstrated when they discuss rural lending and indebtedness. Hill argues that:

*'the debt'* which is supposed to adhere to so many households is an illusory, ever changing, at best of times elusive concept, which cannot possibly be caught by a questionnaire or any other form of quantitative butterfly net. Only qualitative enquiry . . . will do (p. 93).

When that is undertaken, creditors are revealed to be by no means the ogres that they are often painted, and it will be seen that 'no necessary moral connotations attach to indebtedness in general' (p. 93).

In other chapters Hill criticises development economists for their failure to give due weight to farm labour systems, the role of women in the rural economy and class stratification.

Throughout her book, Hill challenges her readers to re-appraise their attitudes to rural life and its analysis. But it is unlikely to lead practitioners of conventional economics to a radical reassessment of their basic methodology. This is because ever since Friedman's 'Essay on the Methodology of Positive Economics', they have sheltered behind his assertion that:

truly important and significant hypotheses will be found to have 'assumptions' that are widely inaccurate descriptive representations of reality . . . To be important . . . a hypothesis must be descriptively false in its assumptions . . . The relevant question to ask about the 'assumptions' of a theory is not whether they are descriptively 'realistic' for they never are, but whether they are sufficiently good approximations for the purpose in hand . . . which means whether [the

theory] yields sufficiently accurate predictions (Friedman 1966, p. 14).

In such a tradition the truth of the assumptions is irrelevant. It is only when a theory is unable to predict that it is rejected. Had Hill recognised this, she would have concentrated on illustrating how erroneous assumptions had directly led to the failure of a large number of rural economic development projects. Instead she has made the tactical mistake of thinking that simply by listing the errors in their assumptions she will convince those economists of their mistaken methodology. They certainly need to be so convinced, for they have achieved so little in the field. It is only when they take a far less abstract approach and adopt the more painstaking empirical methodology advocated by Hill that they will improve their track record.

W. R. STENT

*Department of Conservation,  
Forests and Lands,  
East Melbourne, Victoria 3002*

#### *Reference*

Friedman, M. (1966), *Essays in Positive Economics*, Phoenix, Chicago (First published 1953).

*The Economics of Tropical Farm Management*. By J. P. MAKEHAM and L. R. MALCOLM. (Cambridge University Press, Cambridge, 1986.) Pp. 179, ISBN 0 521 31367 8.

Despite the title and the aims set out in the preface and introduction, this book appears to be a fairly standard text on the basic principles of farm management as they might apply to commercial farms in any part of the world. We are told in the introduction that the authors have 'tried to avoid the trap of taking it for granted that "experts" from countries with highly developed economies have answers to fit the generally unique situations of farm people in developing countries' (p. 2), yet most of the book is concerned with presenting the principles of farm management derived from 'highly developed economies'. They also claim to have 'remembered that trying to make the most money "profit" (an oft-used yardstick in economics) is rarely the only (and often not the major) objective of farm operators, wherever they may live' (p. 3); yet there is scarcely a nod in the text in the direction of alternative motives to profit maximisation.

In Chapter 2, entitled 'Farm Management' we are informed that:

Some schools of farm management thought place a lot of emphasis on record-keeping and accountancy procedures. We do not. We prefer to emphasise the principles of production economics and the technology of farming (p. 5).

However, of the remaining chapters about half seem to be concerned with record keeping and accountancy. These include Chapter 3 on farm analysis and planning, part of Chapter 5 on costs and returns, Chapter 6 on farm profits, financial statements and records, Chapter 7 on cash flows, Chapter 8 on gross margins, Chapter 9 'Time is Money', on discounted cash flows, Chapter 10 on planning changes, Chapter 14 on farm development and Chapter 15 on farm credit and finance.

Of the remaining five chapters, only Chapter 4 is concerned with economic principles of production, while Chapters 11, 12 and 13 deal very briefly with some technical issues of cropping, animals and mechanisation, respectively. The final chapter, titled 'Beyond the Farm', provides some comments on the broader socio-economic environment. The three technology chapters should have provided useful illustrations of the practical application of the principles discussed elsewhere. Unfortunately, they are rather brief discussions of an odd selection of topics. Chapter 11 on cropping includes four sections – rotations, mixed cropping, harvesting and marketing, and tree crops – but there is no mention of irrigation, while the discussions of 'mixed cropping' seems to be about diversification rather than about the pros and cons of growing crops in combination. The chapter on animals includes a whole section on population genetics but next to nothing on animal health.

Overall, one feels that the authors have given themselves problems in trying to write a brief (only 163 pages of text) and readable book covering a wide range of topics to appeal to a wide and diverse audience including 'extension workers, teachers and students of agriculture, operators of private farms, managers and planners of state farms, farm development authorities, staff of farm co-operatives, rural bankers and local government planners' (p. 1). A different approach is needed for studying small-scale semi-subsistence farms which are common in the tropics, from that needed for large-scale, mechanised mixed farms. Whereas the former requires a farming systems research approach aimed at understanding the problems, objectives and constraints of groups of similar farmers, or 'recommendation domains', this book appears to be more concerned with individual farm analysis, planning and advice.

The book is written in a friendly and readable style, but in places it is irritatingly vague. For instance, what should we understand from the statement 'most farmers now recognise that fertilizers "work"' (p. 18), or ' "Profit" is, to some degree, what you think it is' (p. 23), or 'To some extent, costs are what you think they are' (p. 39). The total, average and extra product curves of Figure 4.5 (p. 28) are drawn wrongly. The average product is shown rising, when it is clear from the total product curve that it should be falling. The extra (marginal) product curve cuts the average product curve in two places, neither of which seems to be the point of maximum average product, and the extra product falls to zero at a point to the right of the maximum total product. These errors will not aid the reader's understanding of the principles of production economics.

Overall this is a fair attempt at a near impossible task, that of producing a readable, intermediate text on farm management which is relevant to the wide diversity of farming systems found in the tropics. There are lists of discussion questions at the end of each chapter, useful appendixes on discount tables with their interpretation, and metric conversions. The glossary of farm management terms is also valuable.

MARTIN UPTON

*University of Reading,  
Reading RG6 2AR, United Kingdom*



*Farm Planning with Linear Programming: Concept and Practice.* By J. B. DENT, S. R. HARRISON and K. B. WOODFORD. (Butterworth, Sydney, 1986.) Pp. 209, ISBN 0 409 49069 5.

This book is essentially an introductory applied text on linear programming (LP). The book was designed as a reference manual for practitioners of LP and as a textbook for students in agriculture and related disciplines. It stresses farm planning applications of LP and uses non-mathematical language to describe LP and its applications.

Each chapter contains a summary or conclusions, review questions and finally exercises or avenues for further reading. The book is a welcome addition to the small group of introductory agricultural texts on LP and should receive a wide readership, especially in agricultural colleges and in some university undergraduate courses.

The early chapters introduce farm planning concepts and models. Budgeting models commonly used in farm planning (for example, gross margins) are first described. Then LP models, illustrated graphically, are introduced.

Chapter 4 is devoted mainly to demonstrating the simplex method. Whether or not an applied text on LP, such as this, should devote so many pages to the simplex method is debatable. Certainly my preference would have been to allocate fewer pages to the simplex method and more to interpreting LP solutions and output, the coverage of which seems deficient. For example, not considered in the book are the effects of degeneracy, multiple solutions (dual degeneracy) and taxation on the interpretation of activity shadow costs and constraint shadow prices. Given the book is purportedly designed for practitioners of LP, perhaps one expected emphasis of the book would have been the interpretation of LP solutions and output.

A feature of the book which may prove helpful to novice LP users is Chapter 6 which illustrates LP tableaux for 19 different agricultural problems, ranging from representing buying and selling activities, crop and pasture rotations and soil classes, through to feed cost minimisation. Although a useful chapter, some improvements would be to include the addition of row units in the tableaux and an illustration of the Duloy-Norton (1975) method of representing certain curvilinear relationships. (Later in Chapter 10, for example, Table 10.6 could contain fewer rows if a Duloy-Norton approach were followed.)

Later chapters examine LP applications in a pastoral setting and touch on LP topics such as mixed integer programming, risk programming and multiperiod LP. Apart from multiperiod LP, the other LP extensions receive little treatment — perhaps to be expected, given the book is an introductory text.

Overall, the book is written in a clear style, interspersed with numerous figures and tables, and it contains an adequate index. The book should prove a useful 'starter' text for many students and practitioners of LP.

ROSS KINGWELL

*Department of Agriculture,  
South Perth, Western Australia 6151*

#### *Reference*

Duloy, J. H. and Norton, R. D. (1975), 'Prices and incomes in linear models', *American Journal of Agricultural Economics* 57(4), 591-600.