



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

*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

A Survey of Agricultural Economics Literature. Volume I. Traditional Fields of Agricultural Economics, 1940s to 1970s. Edited by LEE R. MARTIN. (Minneapolis: University of Minnesota Press for the American Agricultural Economics Association, 1977.) Pp. 540. ISBN 0 8166 0801 6.

Despite assurances in the foreword that the exercise involved 'highly regarded', 'highly competent' and 'outstanding' agricultural economists, this first volume of the long-awaited three-volume survey sponsored by the American Agricultural Economics Association is something of a disappointment. Part of the trouble arises from the disparate views of the authors of the various sections as to what constitutes a review of the literature of a field. The reviewer would regard such a survey as being primarily a history of the development of ideas in that field. On such a criterion, many of the authors could have been far more selective. Even D. Gale Johnson, whose contribution is more succinct than those of his colleagues, feels compelled to explain that 'failure to include an article, monograph or book should not be interpreted as an indication that the particular contribution was unimportant or was flawed'. Surely it is not the objective of a review to mention every contribution in a field.

Some of the reviews are marred moreover by a too familiar emphasis on methodology rather than on the substance of the research findings. Harald Jensen expresses the hope that his contribution will remind his colleagues 'that as students of social science our central task is to work not only to increase the power and capacity of our science—its methodology, analytical tools and techniques—but also to apply this capacity in solving problems of growing social concern'. These priorities should clearly be reversed.

There are two other unusual constituents of some of the reviews. One is a peculiar preoccupation with the question of professional identity, which strikes the reviewer as being singularly unimportant. Second, some of the authors seem compelled to speculate about directions of future research in their areas of concern. Worthy as such activity may be, it seems out of place in a review of the literature. Those authors who attempt such speculation would seem to have crystal balls of varying clarity.

More serious from the standpoint of Australian and other overseas readers are the authors' conceptions of what constitutes the literature of agricultural economics. Plainly the title of the book is a misnomer. It is not a survey of the literature of the discipline but primarily a survey of 'articles written in English especially those appearing in United States publications', as Tomek and Robinson put it. They and the other authors of the last three sections of the book explicitly recognize the limits of their coverage of the literature. The others do not. While most non-American agricultural economists would readily acknowledge the tremendous contributions of their American colleagues in earlier de-

cedes as well as in the post-war period, they will find it hard to accept the judgment that remarkably few contributions to the literature of the subject have been made outside the borders of the United States. It is time that American agricultural economists ceased regarding the entire world's economic literature as that published in the United States.

There are some signs, however, that the 'literature' is even more limited. One would imagine that American readers themselves will be surprised to learn that, judging by the literature cited by the author of the chapter on farm management, almost four-fifths of the 285 most significant contributions in that field since World War II have appeared in the *American Journal of Agricultural Economics* or its predecessor. Only seven of these are by aliens, including five by Australians. The logic whereby the contributions of alien economists become part of the literature if published in American journals but not if published elsewhere is also hard to fathom.

The book consists of six parts. The first, by Harald Jensen, surveys developments in farm management and production economics since 1940. He begins with a eulogy of his former mentor and collaborator, Earl Heady, whose May 1948 article in the *Journal of Farm Economics*, he claims, set the stage for a new era in farm management research. While in no way discounting Heady's contributions, this reviewer would see a more important watershed, if a watershed there must be, in the paper by T. W. Schultz in the same journal in August 1939 and the associated, apparently lively, discussion at the annual meeting of the American Farm Economics Association in the same year. Large segments of Jensen's contribution are given over to a description of analytical techniques and administrative details of the working of the regional committees before getting down to the real business of reviewing the literature.

Ben French examined no less than 763 references as a basis for the second review on 'The Analysis of Productive Efficiency in Agricultural Marketing'. His article begins, however, with a 30-page 'theoretical framework', complete with mathematical underpinning, which owes little to other authors. This framework is an essay in its own right, scarcely a review of the literature. It is followed by two sections on the estimation of plant-cost relationships and applications of plant efficiency research.

In Part III, George Brandow provides a well-written review of research on commercial agricultural policy. His contribution is a commanding analysis of both the developments in this field and the contributions of agricultural economists thereto.

Part IV is a relatively short review of post-war agricultural trade policy. It reflects the limited interest of American agricultural economists in this important area until comparatively recently and the fact that a significant proportion of the research input has been made by the author, D. Gale Johnson, himself. As might be expected, this essay has a broader international perspective than most of the other reviews. But why the bibliography is burdened with a long list of USA-sponsored publications, most of which have little directly to do with trade and in fact are not reviewed by Johnson, is something of a mystery.

In Part V, Robinson and Tomek review the literature dealing with

price analysis and outlook. The chapter is predominantly a review of the development of various analytical techniques. This approach is probably required in this case by the stated topic and the fact that research findings in this area are highly specific to the time at which they are conducted.

The essay by Brake and Melichar on agricultural finance in Part VI comes nearer than most to being a genuine review of the literature. It is a perceptive chronology of stages in development of, and professional understanding of, the agricultural capital market.

In Part VII, Peterson and Hayami provide a useful review of research on technical change in agriculture. One is, however, inclined to question how this becomes a 'traditional' field of agricultural economics when little work specifically on this topic appeared before 1955. Relative to the other bibliographies appearing in the volume, it is interesting to note how large a proportion of the publications cited in this part appeared in general economic journals.

It is possible that a number of the problems of this book arise from the fact that, according to the arrangements outlined in the foreword, the various reviews were written to committee prescriptions rather than on the individual authors' initiatives. A number of readers will doubtless feel that had more conciseness been demanded of some of the authors, it might have been possible to set the book in larger, more readable type.

KEITH CAMPBELL

University of Sydney

Agriculture and the State—British Policy in a World Context. Edited by B. DAVEY, T. E. JOSLING and A. MCFARQUHAR. (London: Macmillan, 1976.) Pp. 280, ISBN 333 21194 4.

This book 'reports on a three-year research programme which, in the context of the European Community and the international situation, examines agricultural policy in the United Kingdom . . .' Despite this claim, the book seems to be more a collection of essays than the results of an integrated research programme.

The underlying philosophy of the book is that greater self-sufficiency in food at high cost is not the appropriate answer to shortages of supply. Instead, international agreements should be sought on security of access to supplies and on security of access to markets 'to stimulate production in low-cost areas of the world'. This is a philosophy which undoubtedly would be endorsed by agricultural policy-makers in Australia and by all farmers in the Australian agricultural export sector. Perhaps because this philosophy is 'old hat' to most Australians, this reviewer found the book unexciting—a book to be read quickly rather than a book to be studied.

The book has three parts: Agriculture as an International Issue; British Agriculture in the European Community; and Action at the National and International Level.

The starting point for the international issues is a brief review of GATT and of the Harberler Report 1958. The author notes the persistent resistance and 'spurious justification' given by industrialized

countries to attempts by agricultural exporting countries to obtain a co-ordinated approach to their problems, and the shift from tariffs to quantitative import restrictions as the chief mode of protection of local agricultures from international competition.

Subsequent to GATT there was the Common Agricultural Policy (CAP) of the European Economic Community. The CAP, as it has operated through target prices, intervention prices, threshold prices, variable import levies and export levies, has 'set price levels high enough to satisfy the higher cost farmers' and has enabled the EEC to become 'increasingly self-sufficient' and to produce big surpluses which were stored or dumped on world markets, thus 'transferring its agricultural adjustment problems to other countries—without really doing much about them itself'.

And so on to the Kennedy Round, and discussions on farm-support policies, policy constraints and policy impacts of current trends. In the last resort, the conclusion seems to be that only when potential costs to consumers and to national budgets for agricultural protection become unbearable will agricultural resource adjustment become politically profitable.

The four chapters of Part II deal with British agriculture: projections of food consumption; adjustment in production; projection of imports; and income transfer effects of the CAP.

Food consumption per caput, on the basis of no growth in income for 1978 compared with 1972, is projected to increase by 14 per cent for pork, 14 per cent for eggs, 25 per cent for preserves, 17 per cent for fresh vegetables, 10 per cent for beer and 67 per cent for wine and spirits, and to decrease by 15 per cent for poultry, 18 per cent for butter and 35 per cent for sugar.

The chapter on adjustment in production is based on the Newcastle model of supply being emulated at the University of New England.

From being an importer in 1972 of beef, veal and barley, the UK is projected to be an exporter by 1978: imports of mutton and lamb, bacon and ham, and fresh fruit are projected to increase; imports of wheat, maize, sugar, cheese and butter are projected to fall.

On the income transfer effects of the CAP the general conclusion on farm income is that, while the CAP 'policy tends on the whole to increase disparity of farm incomes, it does appear marginally to benefit the poorest section of the industry'. The general conclusion on household income is that 'households with below average incomes pay 38 per cent of all support cost, although they only receive 27 per cent of original income'. Finally, by 1980, almost 18 per cent of farmers' income in Italy is expected to come from CAP, and 69 per cent in Ireland, 65 per cent in West Germany and 59 per cent in the UK. Even so, the downward pressures from outside competition still exist on farmers' income.

In Part III, the chapter Strategy for the Liberalization of Agricultural Trade, potentially of great interest to readers in Australia, is most disappointing. There are estimates of producer and consumer subsidy values for six agricultural commodities in six countries and indications of trade displacement effects; a conclusion 'that moderate changes in farm-support levels would substantially increase trade

in temperate-zone agricultural commodities' with benefits which would not be limited to agricultural trade (reciprocal trade in manufactures could be expected to rise); and numerous injunctions such as: 'negotiations should focus on measures which have been most disruptive of international trade', 'negotiation of codes of behaviour with respect to the various technical measures which—either by design or accident—impede imports of agricultural products', importing countries 'must be prepared to share the responsibility, and therefore the cost of stockpiling instead of leaving it all to the exporting countries' and 'negotiations should concentrate on *levels* of support, and not *methods* of support'.

Strategies these may be, but their seeming vagueness yields no signs of hope for policies other than more of the same.

HENRY P. SCHAPPER

University of Western Australia

Agriculture in Development Theory. Edited by LLOYD G. REYNOLDS.
(New Haven: Yale University Press, 1975.) Pp. 510, ISBN 0 300 01805 3.

This book is a collection of papers presented by a select company of academics meeting at the Rockefeller Foundation's Villa Serbelloni, Bellagio, Italy in May 1973. The book contains some excellent material though it is already somewhat dated.

The fifteen papers which make up the book are tied together by a substantial introductory chapter by Lloyd Reynolds. It is here that Reynolds tries to justify the title by posing the rhetorical question: 'Supposing one were setting out afresh to build a multisector development model. What assumptions about agricultural organization would one choose as having the widest range of applicability?' (p. 2). A multisector (development theory) model is not derived in the book. Rather, the approach is to proceed in a logical fashion to present papers on various facets of the theory of agricultural development.

Following the introduction, the book is divided into six sections moving from micro to macro considerations. Part I (three chapters by Helleiner, Fisk and Mirrlees) is concerned with smallholder decision making in Africa, in the nonmonetary sector, and in connection with the theory linking productivity to consumption respectively.

The micro emphasis is maintained in Part II, where Newbery and then Mangahas discuss 'tenure systems and economic response' in theory and with specific reference to the Philippines. Part III moves into the broader perspective of the impact and generation of improved technology. It has papers by Ruttan, by Evenson and by Hayami and Yamada. Berry's paper in Part IV, *Agricultural Sector Performance*, looks at the particular difficulties of agricultural policy making where there is a bimodal distribution of land holdings, while Krishna looks at the impact of technical change on employment. His contribution is in highlighting the considerable indirect employment effects by the use of a modified input-output model.

Part V at last 'opens' the agricultural sector to trade and Myint has a particularly clear and readable exposition emphasizing that opening an economy does not merely add 'the supply of foreign exchange' (as contribution iv) to the functions of the agricultural sector but also

fundamentally changes the assumptions regarding the nature of the standard 'closed economy' contributions of (i) providing the domestic food supply and releasing labour, (ii) providing the market for domestic industrial products and (iii) increasing the supply of domestic savings. Even the implicit 'semi-open' economy model fails to recognize the importance of 'the internal economic framework of a country in the early stages of development' (p. 335); 'the incentive effect of imports on agricultural production'; and the fact that when dealing with peasant economies it is wrong to try to draw a line between the export and domestic specificity of resources (p. 335). He draws out the possible conflicts in policies 'designed to promote (i) and (iv) on the one hand and those designed to promote (ii) and (iii) on the other . . .' (p. 353). Similar conflicts arise between the need to give adequate economic incentives to the farmer and the desire to squeeze maximum savings out of the agricultural sector.

Part V also includes two papers by Ranis and Fei and by Timmer and Falcon. The former is on the distinction between the growth parts of natural-resource-poor and natural-resource-rich open economies. The latter presents the initial hypotheses for the Food Research Institute's (Stanford) study of the Political Economy of Rice Production and Trade in Asia.

The final part (VI) of the book presents two substantial contributions in comparative studies of agricultural development. The first paper, by Kozlowski, is on the experience of East European Socialist countries. This chapter is out on a limb but its conclusion on the likelihood of an increasing emphasis on peasant production in the Eastern block, stemming from the Polish and Yugoslav experiences, has become a reality in vegetable and livestock production even in such 'agro-industry' countries as Rumania and Bulgaria. Although not referred to by Reynolds, this underscores the scenario he paints of peasant production export-led growth (pp. 18-19) in many LDCs. The last paper is by Ishikawa and is the longest in the volume. I mention its length (45 pages) because this seems to be the only reason for its location at the end of the volume. Its content is certainly 'micro' in that it attempts 'to construct a positive socio-economic model of contemporary agricultural society in Asia' (p. 451). Emphasis is laid on customary community-type activities and the chapter should really be read in conjunction with Part I: it softens the simple dichotomy between cash-earning and subsistence activities.

While the contributors consider many issues relevant to the building of a multi-sector development model, other issues are omitted. A sign of dating is the absence of any specific discussion of equity and income distribution issues. This is forgivable. What is not forgivable in my eyes is the scant attention given to population issues—either in terms of the impact of rapid population growth or the significance of internal migration. It is to be regretted that these nettles have not been grasped. I find the editor's excuse that 'this aspect of rural change has perhaps been neglected because its impact is almost self-evident and is profoundly discouraging' (p. 7) rather lame. It suggests a philosophy that if the facts do not match neat theory then omit the facts. In general the book does far better than this and I recommend it for graduate

and advanced undergraduate courses in the field, but at a recommended Australian price of \$32 I could not advocate the purchase of personal copies.

D. M. ETHERINGTON

Australian National University

Socialist Agriculture in Hungary. By E. CSIZMADIA. (Budapest: Akademiai Kiado, 1977.) Pp. 179, ISBN 963 05 1184 3.

For most people, agricultural production in Eastern Europe is something of a mystery. Opportunities to obtain first-hand experience have been limited, while literature in the area is frequently inaccessible. In relation to the latter, the Akademiai Kiado in Budapest makes a useful contribution by translating and publishing some useful titles. This is one of them. The book itself is quite well produced, relatively free of proofing errors and has been well translated. The inclusion of an index would have been most useful.

Hungarian agriculture has been subjected to two mighty transformations this century. Prior to World War II the country was dominated by landlords and a system which was most oppressive to the majority of people in the rural sector. In 1935, 0.8 per cent of landowners owned 45.3 per cent of the land. The first transformation was a major land redistribution which was essentially complete by mid-1947. At this stage, the agricultural resource base was seriously depleted, with substantially reduced numbers of livestock and few useable machines or tractors.

The second transformation was the formation of co-operatives. This began in 1949 and was largely complete by 1961. It took place with less trauma than that experienced in other socialist countries and used incentives to induce producers to join. Even now, those who contributed land to co-operatives still secure a small rental payment for that land. (This is diminishing now that provision has been made for the co-operatives themselves to own land.) About 2,200 co-operative farms exist and they produce three-quarters of the agricultural output. Most of the remaining production comes from state farms (about 170 with an average area of near 6,000 ha) while household plots are still important producers of some livestock products.

So far the story is probably not very different from what the lay person might imagine. But it is in the management of the economy and the farms where the more interesting matters arise. It is no exaggeration to say that the co-operative farms are run principally to earn profits. The 'New Economic Mechanism' in 1968 made this abundantly clear. The management is free to determine the production structure of the farm, i.e. which enterprises and how large, in the context of the existing price structure. The profit from farming operations is then used for further investment by the co-operative, profit sharing payments to members, the accumulation of reserves and the payment of taxes.

The direction of the agricultural sector in accordance with the national plan is via the price mechanism, by the distribution of credit and by subsidizing specific activities. Compulsory deliveries of outputs to State agencies were abolished in 1957. There are three types of price policy used: (i) fixed prices, generally at attractive levels, to ensure

sufficient delivery of essential commodities such as wheat and milk; (ii) prices varying within a range within which farms may negotiate delivery—this is particularly so for products delivered for processing, the processor generally being a State agency; and (iii) free market prices determined by market factors, and applying to a number of commodities, especially horticultural products. Subsidies are used for a number of purposes. These include stimulating the production of particular commodities and, in recent years, large sums have been used to develop capital intensive livestock production, particularly milk and beef. The availability of credit is also subject to management but, in general, farms compete for loans with the most profitable projects being successful.

There are also policies designed to equalize incomes between co-operatives. Those with poor natural resources are subsidized, while those with high incomes are strongly discouraged from achieving further rapid increases in income by steeply progressive taxes.

The author, not surprisingly, puts most emphasis on the achievements of Hungarian agriculture, but he raises some of the problems too. This reviewer's personal experience of Hungarian agriculture is that there has been an impressive movement towards modernized large scale agriculture. There are some major problems especially in regard to labour and management.

The rural labour force is large (more than 20 per cent of the workforce is employed in agriculture), but it is ageing, and co-operatives have the added problem of a large number of retired and inactive members. While the ageing structure is an advantage in longer-term structural change, and the dependants are in receipt of social welfare payments, there are many short-term problems in providing sufficient work for and in organizing members (a typical co-operative farm would have 300-500 employees!).

A more serious problem that is given scant treatment by Czismadia is the specialist labour on farms. State farms are better supplied with specialists, but there is a great need for more specialists, especially with management expertise, in co-operatives. The variable performance of co-operatives is partly due to variable management quality, and a large investment in improved management skills would seem justified. It seems likely, however, that with more specialists of various kinds in co-operatives, they will tend to take over most of the decision making. This could give rise to strains in the relationship between co-operative members and 'management'.

In all, the book can be recommended as providing detailed information on Hungarian farming. The reader should be warned, however, that there is a sprinkling of ideology throughout which is at times annoying.

ROY POWELL

University of New England

Crop Management Economics. By ALLAN N. RAE. (London: Crosby Lockwood Staples, 1977.) Pp. 525, ISBN 0 258 97013 8.

Although not formally divided into sections, this book is written in such a way that it may conveniently be so considered. Following an

introductory chapter, in which the general background to crop management economics is established, three chapters are devoted to the development of economic principles related to the specification of management problems. These comprise an introduction to the basic concepts of production functions, followed by an illustration of how production functions can be used in analysis of farm management problems for a single product and, in the third chapter, the extension to resource allocation divisions on the multi-product holding. The next logical section consists of four chapters devoted to the development and application of static budgeting, both partial and whole of farm, and linear programming. Each of the techniques is well illustrated by practical examples. Integer and quadratic programming are only briefly discussed at the end of the introductory chapter on linear programming. Having established some basic principles, the three following chapters are devoted to problems of inter-temporal planning, and then two chapters deal with planning under uncertainty. In the final chapter the topic of market management is introduced and emphasis is placed on 'the type of marketing problems which may be overcome with the aid of the principles and budgetary models developed in earlier chapters'.

The approach throughout the book is first to introduce the theoretical aspects of a technique, to then relate these to actual planning procedures and, finally, to provide a practical example of application of the technique. The result is a very comprehensive treatment of the basics of each subject area. Rae states that the book is aimed at both the undergraduate and graduate levels. Within these categories the major portion of its audience will probably be agricultural students seeking a broad introduction to farm management. For such an all-encompassing purpose the book is an excellent text. However, for the agricultural economist seeking a more specialized training the treatment given to most topics tends to be too shallow.

In the preface, Rae indicates that all of the case studies are drawn from horticultural crops as these represent his major area of interest. I agree with his view that no apology is required for this emphasis. Indeed it is a welcome change to find a book devoted to the economics of horticultural crops, rather than of livestock and cereal crops. Doubtless many students of horticulture will be similarly attracted—assuming that they look beyond the misleading dust jacket which shows heads of cereals!

As with most texts of such size and coverage, there are a few blemishes. Although the method adopted for expressing units on the axes of graphs, and in tables, is consistent throughout the book, it is, at best, very confusing. For example, on page 18, the unit for density is expressed as 'canes $\times 10^{-3}$ /acre'. Both the text and the actual values shown in the figure require the interpretation of the unit to be thousands of canes per acre, and not thousandths of canes per acre as it appears. In Table 2.1 on page 19, average product is estimated correct to one decimal place and marginal product to two decimal places. Very little additional effort would have been required to estimate average product correct to two decimal places and thus avoid the apparent anomaly in the first row of the table. On page 314, the estimated net present value

for the irrigation project should read \$83,183 and not \$130,807. It then follows that the orchard alternative proposed is more profitable than both the existing programme and the programme to irrigate existing crops.

Finally, the most serious criticism relates to Chapter 14, in which an attempt is made to introduce broad economic issues related to marketing. Unless a whole new area of quantitative economics is considered, which would require a further volume, only the very limited outline of the topic included in this book is possible. The overall effect is that the chapter appears to be separate from the rest of the book, and included as an afterthought. It also gives the impression that Rae believes marketing should be treated as a productive process in isolation from the growing of crops, rather than as an integral part of crop production. My preference would have been for appropriate marketing concepts to be discussed in the relevant section of other chapters, and Chapter 14 omitted.

Overall, the book is a useful addition to the general farm management literature and, although not introducing new concepts, should find a role as a useful reference book for agricultural students. In the more specialized area of horticultural economics, it fills a significant gap in the literature and should rapidly become established as a standard text.

JOHN WICKS

University of New England