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GROUP 2 (*a*). FARM MANAGEMENT

Chairman: Erly Dias Brandao, *Brazil* *Secretary*: Donald K. Freebairn, *Mexico*

Consultants

Mario Pereira, *Portugal* Emilio Montero, *Uruguay*

Gregorio Alfaro, *Costa Rica*
Nelson Amaral, *Uruguay*
Alberto Amigo, *Argentina*
Luis Gerardo Cardenas, *Peru*
Angel Paredes Díaz, *Peru*
Guillermo Guerra, *Colombia*
Ciro Salvador Gutiérrez, *Argentina*
Ivan Katchuro, *U.S.S.R.*
José Carlos Kohout, *Argentina*
Vladimir Koulijov, *U.S.S.R.*
Heraclio A. Lombardo, *Panama*
Mateo Vázquez Morales, *Mexico*
Miguel A. Muñoz, *Costa Rica*
Juan F. Romero Ordeig, *Spain*
Luis García de Oteyza, *Spain*
Oscar Benavides Robles, *Costa Rica*
Manuel Hernández Ruiz, *Mexico*
Alexander Tchehovski, *U.S.S.R.*
Angel R. Vaquero, *El Salvador*
Alvaro F. Villalobos, *Peru*
Venedict Vinogradov, *U.S.S.R.*

Translated from Spanish

Discussion of research methods led to an appreciation of the necessity for careful formulation of the problems to be studied, of specific definition of objectives and of the establishment of working hypotheses to guide investigation. Accepting these factors as fundamental, the group spent most of its time discussing more specific problems in carrying out research.

Delineation of specific regions to be studied was considered important. Working in a homogeneous area helps to formulate meaningful problems and simplifies the task of suggesting likely solutions. This applies to each of three types of study: (*a*) those designed to help guide farmers in their decision making, (*b*) those designed to study the problems of development of a region, and (*c*) studies of a macroeconomic nature for the determination of agricultural policy. Emphasis was given to alternative methods of delineating regions for those studies designed to help farmers in their decisions. It was suggested that a 'natural region' could be defined which would be homogeneous with respect to ecological conditions of temperature, rainfall, soils and agrarian structure, along with generally similar locational factors with respect to transport and market opportunities. Some members believed that types-of-farming regions should be defined and used for farm-management studies. Those who have done this recognize the difficulties they encounter because of inadequate data. They are

dependent on using the smallest census reporting units which are often too large (with single reporting units overlapping two or more natural divisions between types-of-farming regions). There is also the problem of making a number of arbitrary decisions in defining a type-of-farming region.

Today farm management research workers have numerous alternative methods of analysis. Discussion turned on group comparisons or tabular analysis, budgeting, production function analysis and, briefly, on linear programming. Some of the group believed that simple description and the use of group comparisons or tabular analysis are the only appropriate methods at this stage of research experience in Spanish- and Portuguese-speaking countries. They held that there is a natural sequence in the development of research in farm management and that descriptive analysis and group comparisons are the starting-point. After experience has been gained with this method and after a large stock of reliable data has been accumulated, the researcher can use more powerful analytical models. The objection to this limited approach is that a problem should be carefully formulated, that specific objectives should be established, and that all possible alternative methods of attacking the problem should be considered. The method of analysis to be selected should be the one which promises the best results considering the human and financial resources and the time available for studying the problem.

Differing views of methods of analysis were due to differing views of the sources of data for research. Data can be obtained from a number of sources, including farm surveys, farm accounting, experimental results, and engineering processes. The principal sources used by members of the group have been farm surveys and farm accounts. In actual experience a wide variation in results has been obtained from the survey method. The proportion of valid records has varied from 20 to 95 per cent. with different investigators. Some of this has been due to differences in the standards used for evaluating the validity of records, but another factor is the differences in farming conditions in various parts of the world.

Those who achieve only about 20 per cent. valid records on a probability-type survey have tended to select farms for inclusion in their studies. The selection is subjective, based on confidence in the enumerator and on an evaluation of 'typical' farms in the area. Other investigators who have higher percentages of valid records in their surveys have objected to the use of subjective considerations in the

GROUP 2 (*a*). FARM MANAGEMENT

First row, left to right:

Mateo Vázquez Morales, *Mexico*
Ciro Salvador Gutierrez, *Argentina*
Alberto Amigo, *Argentina*
Jose Carlos Kohout, *Argentina*
Donald K. Freebairn, *Mexico*
Erly Dias Brandao, *Brazil*
Mario Pereira, *Portugal*
Emilio Montero, *Uruguay*
Luis García de Oteyza, *Spain*
Juan F. Romero Ordeig, *Spain*
Alexander Tchehovski, *U.S.S.R.*
Vladimir Koulijov, *U.S.S.R.*

Second row, left to right:

Angel R. Vaquero, *El Salvador*
Oscar Benavides Robles, *Costa Rica*
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Nelson Amaral, *Uruguay*
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Venedict Vinogradov, *U.S.S.R.*

selection of the sample. They want to determine the problems of a zone and therefore need to know about all the farmers. A purposive sampling technique can be efficient depending on the uses to which the resulting data will be put.

There was agreement that the results of farm management investigation must get into the hands of farmers in such a manner that they can understand the results and try to apply them in their farm business decisions. Some members have enjoyed particular success in getting the results of studies based on group comparisons back to farmers. They have also used the results of budget analysis in research related to supervised credit programmes. There was complete agreement that farm management specialists cannot and should not be asked to calculate costs of production for the purposes of price fixing. The group was divided in opinion as to whether or not the incidence of overhead costs can be determined with sufficient accuracy to justify cost studies for helping to select optimum enterprise combinations on particular farms or for evaluating interregional competition for producing particular products.

Among methods advocated for improving methods of communication between workers in farm management in Latin America was one to the effect that an organization such as the Inter-American Institute of Agricultural Sciences should develop a Spanish terminology on the subject.