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## GROUP 2 (b). FARM MANAGEMENT

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Farm management, an applied science, encompassing a mixture of principles of production economics and their application to the organization and operation of farms, is at the threshold of unprecedented opportunities to contribute to progress in developing countries. It includes consideration of alternative courses of action, or inaction, and an appraisal of the economic consequences thereof as guides for production decisions of individual producers and formulation and administration of national and state agrarian policies.

Current farm-management programmes in the fourteen countries represented vary from well-rounded research teaching and extension programmes to a bare beginning at teaching, with little practical application. In many countries where farm management remains in its initial stages, the highest priority for making farm management effective is in making more efficient use of resources and in raising satisfactions of farm people, including those on small farms. These are foundations on which a more productive agriculture, and indeed the economic development of whole economies must rest. Farm-management specialists have an opportunity and a responsibility for using these foundations for that purpose.

Farm-management workers may make a far greater contribution to economic progress in less-developed countries than in countries with larger resources per person. To be realistic, farm management must be adapted to such countries. In many situations the profit motive,

usually dominant in farm-management work, may need to be modified to include a theory of utility—including recognition of the high value placed on home consumption, leisure, and other non-profit motives.

Basic tools used in farm planning and in measuring the economic consequences of alternative courses of action on individual farms include:

*Farm Account Records*—an expensive method of collecting data, requiring relatively large amounts of financial support and time, and a higher degree of training and literacy than is generally found in some of the developing countries. It can provide *standards* and *efficiency indicators* for the guidance of individual producers.

*Extensive Farm Surveys*—these require fewer resources and less time than do farm account records. They should be augmented by programming of modal or representative farm situations if they are to have application to the individual farmer's situation.

*Case Studies of Selected Successful Farmers*—these are a quick, cheap way of providing economic analyses required to guide the management decisions of individual farmers and policy decisions of administrators and legislators. They assure the practical counsel of the more successful farmers but do not provide data which are amenable to statistical tests. Proper use of this method usually enables a farmer to recognize his own situation and problems in one of the situations analysed. The use of pilot or demonstration farms both to test and to demonstrate the effects of farm-management recommendations is a desirable extension of this technique.

Farm-management workers are not responsible for individual producers' or policy makers' decisions but they have a responsibility for encouraging the consideration of alternatives and for indicating their economic consequences. Their inquiries should be planned so as to throw light on (1) most efficient ways of increasing production or returns to labour on individual farms with current or additional resources—in such efforts restrictions arising from non-material motives should be recognized; (2) minimum resources required in different types of farming and tenure to provide specified levels of income; (3) most effective allocations of scarce resources within the farming enterprises; (4) most efficient allocation between areas; (5) economies of size of farms and of tenurial arrangements and the economic consequences of alternative policies affecting size and tenure; (6) the impact on farmers of different public policies for credit, price,



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marketing, and trade policies; (7) locations where production can be increased or decreased most effectively and preparation of projects for area and regional development; (8) acceleration of use of technical innovations through co-ordination of recommendations from experts in different agricultural sciences and integration with socio-economic environments of farming communities; (9) creation of better understanding between technicians and farmers by letting technicians see farm problems as the farmers see them.

Farm management programmes are impeded by some unusual problems in developing countries. These must be recognized. They include (1) a lack of trained people and data—frequently taken for granted in developed countries; (2) lack of trained economists with the agricultural background which is essential in understanding farming adjustments and farm people; (3) lack of capital; (4) limited recognition by farmers that farm-management work may have practical application to their own situations; and (5) limited esteem for farm management as a profession.

Steps suggested for initiating farm management programmes in new areas include (1) calling together a group of intelligent agronomists, holding seminars with them and, where required, developing glossaries of technical terms; (2) training them in farm management and elementary statistical methods; (3) delineating type-of-farming areas and homogenous production and marketing situations within each for study; (4) adopting those farm-planning techniques which most closely fit the circumstances. Collecting the data required, and analysing them so as to reveal the consequences both to the individual farm, and collectively, of alternative courses of action; (5) initiating farm-management courses by trained specialists, preceded by adequate training in general economics and in soils, agronomy, and animal husbandry, to assure integration of the principles of economics with those of the applied natural sciences; (6) providing adequate texts, &c., to meet the needs of the practising agronomists and the specialists; (7) organizing farm-management discussion groups at local, national, and international levels to facilitate interchange of ideas and experiences.