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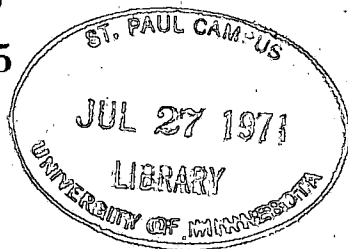
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GROUP 2 (c). FARM MANAGEMENT, DEVELOPED COUNTRIES

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The aim of farm-management research as considered by the group, is to determine the principles and procedures, and to provide information necessary for effective decision-making by farmers, their advisers and policy makers.

The topics discussed included sources of data needed for farm-management research and extension activities, techniques of analysis, research philosophy, interdisciplinary co-operation, research co-ordination and communication with advisory personnel and farmers.

More specifically the discussions included:

1. Problems of aggregating for supply-analysis changes in organization and output on individual farms.
2. Role of the theory of the firm in analysis of organization and operation of state farms.
3. Use of the concept of risk and uncertainty in developing research models and modifying the conclusions and application of research.
4. Effect of the 'price-cost' squeeze on farm size and adjustment.
5. The problems involved in applying static linear programming, and other more complex mathematical models, to farm planning through time.
6. Role of game theory and simulation techniques in the study of the management resource, and as optimizing criteria in research studies.
7. Recognition of firm-household interrelationships in developing



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coefficients for budgeting or programming studies and establishing restrictions or basic assumptions for analysis.

8. Methods of defining 'typical' or 'representative' farms and their use in extension and research activities.

9. Interpretation of experimental results and farm account data in deriving coefficients for farm planning and research studies.

10. Techniques for handling capital charges (depreciation and interest) in farm accounting and research work.

11. Input-output studies and other procedures for assessing the effect of changes in agriculture on the economy of a region.

On some of these topics it was possible to arrive at a consensus of opinion. The discussions also served to highlight those areas in which definition, procedure and philosophy required further thought and investigation.

Both farm-management research and farm advisory services have increased in scope during recent years. In spite of the improvement in methods and procedures, however, many problems still challenge the best efforts of research workers and advisers.

Developed countries have extensive programmes in farm-management research and extension. Those research programmes analyse the effects of adjustments not only at farm, but also at regional and national levels.

It was concluded that more consideration should be given to the subject of 'firm versus aggregate analysis'. The group recommends this subject for consideration in the programme of the next conference.

There is need for more interdisciplinary co-operation between economists, biologists and physical scientists with a view to obtaining more nearly adequate research data, designing better experiments, enabling a more realistic interpretation of results and ultimately providing farmers and others with more meaningful information.

There is a need for more analysis of firm-household interrelationships in farming, including problems of capital accumulation, financial management, resource allocation and the effect of the family life-cycle on the farm firm.

There is a need for more communication between institutions and countries regarding research contemplated or under way. Agricultural economists need to be more fully cognizant of material published by others.

There has been a considerable emphasis on model building in recent years by some research workers in farm management. This has led some to act as if model building were an end in itself. As farm-management research tends to become more sophisticated and specialized, there is a danger that research workers may lose touch with practical farming conditions.

Research workers tend to speak to one another in a language not readily understood by extension personnel and farmers. It was recommended that research material should be reported in more understandable terms. A knowledge of agricultural science, economics, mathematics and practical farm experience are desirable ingredients in the background of farm-management research workers. Extension economists can fulfil a useful role in translating research results into popular terms. In the end the success of farm management research and advice depends on the extent to which it helps farmers and others to make rational decisions.