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Reviews in Brief

New International Economic Order: Interdependence and Southern Development, Mangat Ram Aggarwal, Sterling Publishers Pvt. Ltd., New Delhi, 1989. Pp. xii+204. Rs. 125.00.

The book critically reviews and assesses the validity of the proposals formulated by the Group of 77 developing countries for building a New International Economic Order and the attitude and response of the developed countries towards these proposals. It also examines the contribution of trade and aid, international commodity agreements, and transnational corporations to economic development in the developing countries and the issues involved in the transfer of technology through multilateral co-operation. The book also focuses on the special problems of the least developed countries and the justification of the proposals for the reform of the present international monetary system.

In May 1974, the U.N. General Assembly adopted the declaration on the establishment of a New International Economic Order and the programme of action on its establishment on behalf of the Group of 77 developing countries. The declaration called for the replacement of the existing international economic order which has been marked by extreme inequality, dominance and dependence by a new order based on "equity, sovereign equality, interdependence, common interest and co-operation among all States, irrespective of their different economic and social systems." The declaration outlined certain general principles on which a new and viable system of international economic co-operation would be constructed for reducing and eventually eliminating the widening disparities in the income levels between the countries of North and South and for achieving rapid social and economic progress within the shortest possible time. It called for closer economic co-operation among developing countries and elimination of waste of natural resources. The programme of action focused on all the major issues under discussion in the United Nations Conference on Trade and Development (UNCTAD) working group on the proposed Charter of Economic Rights and Duties of States (CERDS). The main proposals associated with the establishment of the new international economic order are grouped into and discussed under five different areas: international trade, economic aid, foreign investment, technology transfer and the international monetary system. An in-depth study of the present position and the changes made in the economic and trade structures during the last three decades highlighted the deterioration in the terms of trade, growing external payments deficits, rising debt ratios and huge growth of public debt, inadequate financial assistance on reasonable terms, insignificant and declining share in total world trade of the Southern world, and increasing inequalities in the income and wealth between North and South. The emergence of these problems suggests an urgent need for building the new international economic order based on equity, justice, moral spirit of peaceful coexistence and reshaping of the development policies and priorities both at the national and international levels. The study outlines a suitable development oriented strategy for achieving the targets set by the United Nations during the Third Development Decade and for the elimination of abject poverty, the narrowing down of in-equalities in income and wealth, halting the continuous income drain from the South to the North and accelerating the overall process of economic and social development of the third world countries. The book makes an important contribution to the growing volume of literature on international economic co-operation and development.

The Common Agricultural Policy of the European Community: Its Institutional and Administrative Organisation, Rosemary Fennell, Second Edition, Blackwell Scientific Publications, Oxford, England, 1987. Pp. xii+227. £ 19.95.

This second edition of the book which was first published in 1979, makes an attempt to explain the actual operation of the Common Agricultural Policy (CAP) of the European Community with special reference to its institutional and administrative organisation, heavily relying on British experience. It retains the original framework of the study although some of the chapters are revised extensively and one chapter which discussed the proposed enlargement of the Community to include Portugal and Spain is dropped. The subject matter of the study is dealt in 12 chapters. The introductory first chapter outlines the state of agriculture in Western Europe leading up to the founding of the Economic Community, reasons for the creation of a common agricultural policy and analyses the principles on which the policy was built. Chapters 2 to 4 discuss the mechanics of administering the policy, namely, the functions of each of the main institutions of the Community and the process by which legislation is passed, and the links of the main national institutions with the organisation and implementation of the CAP. The next two chapters describe the financing of the annual budget of Community and the accounting device used in the setting of agricultural prices by means of 'green money'. Chapters 7 to 10 are devoted to a detailed analysis of the organisation of the market and price support systems for agricultural products, which form the core of the book. The last two chapters discuss the on-farm and off-farm structural and social policy measures under the CAP.

Two important facts about the CAP emerging from the study are that (a) the designers of the European Community envisaged a managed market for agriculture rather than the free market being created for other sectors and (b) from its inception, the Community concentrated most of its efforts in the agricultural sphere on the development of the market and price policies. No country operates a completely free market in agricultural products and all countries tend to concentrate a high proportion of their income support measures on the organisation of prices and markets rather than on structural and social measures. The market and price regimes in the Community are based on a two-pronged approach which insulated the Community farmers from world market influences through a system of frontier measures and, internally, which provided them with minimum levels of support achieved through the underpinning of prices in various ways. This system of market management has not operated fully as intended for a number of reasons.

The types of measures in force under the market and price regimes are analysed by categorising the main commodities according to the range of price and market measures used and by grouping the commodities according to the firmness of internal price support and to the level of protection from third country competition. These measures are discussed under three broad groups: (a) those relating to expected internal market prices comprising target, guide, norm and basic prices which do not constitute guaranteed prices, (b) those relating to means of internal price support, such as intervention price, withdrawal price, minimum price, production aid, deficiency payment, benefiting some commodities from more than one type of support and (c) those relating to the treatment of imports and exports. Three types of price and two types of levy are considered to regulate imports of agricultural commodities from third countries. The former includes threshold price, sluice-gate price and reference price and the latter covers variable levy, supplementary levy and customs duty. To subsidise the export of products to other parts of the world, export refunds or restitutions are paid on certain agricultural commodities exported from the Community. The

study discusses a number of secondary market and price measures which are applied internally and those which are concerned with exports. The basis of fixation of annual support prices has also undergone a change since the early seventies. "The basic philosophy behind the annual price proposals during the 1970s was that the modern (or efficient) farm should be maintained in that status, and that price changes should be used to achieve this end..... By the end of the 1970s, the income needs of farmers ceased to be the prime consideration in drawing-up the annual price proposals." The other factors taken into consideration are the general economic situation of the Community, the state of the overseas markets, and the internal market situation for the main commodities.

The book provides a comprehensive account of the CAP, explaining the basic ingredients of the policy. Students of agricultural policy will find this book useful.

Paper and Paperboards in India: Demand Forecasts and Policy Implications, Tirath Gupta and Nitin Shah, Oxford & IBH Publishing Co., Pvt. Ltd., New Delhi, 1987. Pp. xi+96. Rs. 65.00.

The book reviews the available studies pertaining to demand forecasts for writing and printing paper and paperboards in India and assesses some of the consequences of the demand forecasts for production planning and policy making. An effort has been made not merely to assess the level of accuracy of demand forecasts but to understand their impact on the pulp and paper industry and on the prices and availability of paper and paperboards as well as different types of cellulosic raw materials. The book then proceeds to examine the current situation with regard to the supply and pricing of forest-based cellulosic raw materials for pulping, the prospects and problems for enhanced supply of raw materials, the bases for pricing of raw materials and the need and instruments for a demand-supply management for paper and paperboards as well as cellulosic raw materials. As against the increase in the number of paper mills in India from 17 to 250 between 1951 and 1985, the output of paper and paperboards rose from 0.135 million tonnes to 1.5 million tonnes during the same period. However, the utilisation of capacity in the paper industry declined from 98 per cent to 63 per cent during the same period. The growth rate in the total availability of paper and paperboards is estimated to have declined from 12 per cent per annum during 1951-61 to around 3.3 per cent per annum during 1971-85. The demand for paper and paperboards is estimated to grow at a rate of 5.8 per cent per annum by 2000. It is observed from the results of the studies reviewed that the demand forecasts for the paper and paperboards are significantly higher than the observed levels of consumption. The study has identified a number of reasons for the higher demand forecasts, the important among them being the lack of distinction between *need* and *demand* and subjective judgements of the analysts and users of the results. The study underlines that for a country like India, use of sophisticated models to forecast the demand for paper and paperboard would be hazardous in the absence of adequate data base. A number of variables, such as per capita income, literacy and educational facility, gross national product, population, income and price elasticities of demand affect the demand for these products and their impact on the patterns of use are difficult to forecast with an acceptable degree of confidence. On the basis of a review of the available studies on demand forecasts for paper and paperboards, one major conclusion of the present study is that demand projections have not provided the necessary guidelines for long-term production planning and policy. The situation is not expected to change for the better unless

reliable data on consumer profiles are collected and processed. The study highlights the need for making available time-series and cross-section data on a number of variables influencing the demand projections for this industry.

Mathematical Economics: Microeconomic Models, B.C. Mehta, Sultan Chand & Sons, New Delhi, 1987. Pp. 440. Rs. 34.50.

This textbook is designed to meet the needs of students of economics at the undergraduate levels. It deals with micro-economic theory and models in the partial and general equilibrium framework. The subject matter of the book is dealt in 15 chapters. The book begins with the partial equilibrium analysis of the consumer by examining the optimising behaviour of the individual consumer for a single period and for several periods and of the firm in different market situations and input markets. One chapter each is devoted to a discussion of general equilibrium models, input-output analysis, welfare economics, the technique of linear programming and game theory. Since the theory and models are explained in mathematical jargon, it presupposes on the part of the reader basic knowledge of calculus, matrix algebra and set theory.

The Agrarian Economy of Pakistan: Issues and Policies, Ijaz Nabi, Naved Hamid and Shahid Zahid, Oxford University Press, Karachi, 1986. Pp. xiv+337. £ 10.95.

The book presents a systematic analysis of the issues and policies relating to the agrarian economy of Pakistan. It is divided into eleven chapters grouped under five parts. The first part provides an overview of the agrarian economy of Pakistan. It deals with the process of agricultural development, the characteristics and determinants of structural change in the agrarian economy, and the broad features of government policy in the agricultural sector of Pakistan. The second part discusses the issues relating to size-productivity relationship, based on an in-depth survey of nine villages in the North-West of the Punjab province of Pakistan conducted in 1976-77, and presents the evidence on that relationship, using both single and multiple input production functions. Using the evidence at the village level, the third part presents a model of tenancy suggested by Bliss and Stern and tests it to determine its relevance for Pakistan. It then proceeds to examine the efficiency and impact of different types of tenancy on resource allocation and productivity on the farm. Part IV describes the nature of share-cropping in Sind and the farming systems models for the share-cropped farms, in a linear programming framework. It considers specifically the impact of alternative agrarian policies and reforms on share-cropping arrangements in Sind. The last part which examines rural-urban migration, reviews the models of rural-urban migration, develops and estimates a migration function that pays close attention to the village-end variables, by applying probit analysis involving the maximum likelihood method to test the hypotheses. The book is useful as a reference work for postgraduate students, which brings together the experience of post-green revolution in Pakistan agriculture.

Off-Farm Employment in the Development of Rural Asia, Volumes One and Two, Edited by R.T. Shand, National Centre for Development Studies, Australian National University, Canberra, Australia, 1986. Pp. xii+367 and Pp. vi+249.

These two volumes include the papers submitted by key participants from ten countries at the Conference convened by the National Centre for Development Studies, Australian National University at Chiang Mai, Thailand in August 1983. The papers consider the principal issues concerning off-farm employment at the micro and macro level in the light

of available evidence from South, Southeast and East Asia. At the micro level, the main areas of concern are the incidence and types of off-farm employment and their implications for levels and distribution of total household income and for the rural labour market in South and Southeast Asia. Issues are discussed in different papers on the basis of experiences in countries like Japan, Taiwan, Thailand, Indonesia, Malaysia, Philippines and India. Papers relating to India are based on different aspects of off-farm employment in the Punjab and Karnataka.

The subject assumes importance due to the limited capacity of agriculture in these countries to absorb the existing supply of rural labour and to satisfy even minimum subsistence requirements of a large proportion of the rural population. Hence there is the growing reliance on off-farm employment. The potential linkages between agricultural and non-agricultural sectors have been explored by numerous scholars but a detailed knowledge of the characteristics of these linkages and their developmental process has been lacking. Partly this has been due to the preoccupation of most economists with the dual sector approach. It is now recognised that rural-based labour intensive non-agricultural activities play an important role in the developmental process in the case of developing countries. This further necessitates detailed field studies of the characteristics of and the reasons for off-farm employment and the country papers submitted by the participants shed light on various related issues.

The policy issues are equally important for the growth of non-farm activities. Expansion of rural industries can be brought about by a combination of policies: industrial policy, agricultural policy, regional planning for infrastructure and institutional arrangements in the rural areas. Both the volumes provide theoretical and empirical insights into the problems and characteristics of the non-farm sector and its development role as it integrates with the overall economic scenario.

An Introduction to Agricultural Systems, C.R.W. Spedding, Second Edition, Elsevier Applied Science Publishers Ltd., Essex, England, 1988. Pp. viii+189. £ 24.00.

First published in 1979, this second edition of the book "retains its original purpose of introducing systems thinking as applied to agriculture." The book deals with a systems approach to the teaching of agriculture as a whole. It retains all the fifteen chapters of the first edition. The study has made an attempt to update the illustrative data, especially those used in tables and figures and present new material with "some change of emphasis in places, in order to reflect changing world conditions." The first three chapters respectively discuss the purposes of agriculture, systems approach to agriculture and the ways of looking at agricultural systems related to specific purposes. This is followed by a discussion of biological (technical) and economic efficiency in agriculture and the contribution of agricultural science to the study of agricultural systems or sub-systems. Chapter 7 to 13 describe the various agricultural production systems, namely, subsistence farming and shifting cultivation, pastoral nomadism, mixed farming systems, crop production systems, animal production systems and industrial food production systems. Examining the relative efficiency of production systems in Chapter 14, the study observes that crop production is generally more efficient than animal production in the output of dietary protein and energy on land that will grow crops. On land that cannot grow crops, animal production is considered vastly more efficient in the use of all resources. A brief concluding chapter assesses the influence of agriculture and agricultural activities on the environment and the community of U.K. Profusely illustrated with data and diagrams, the book would serve as an introductory reference guide on systems agriculture to students of agriculture at the university level.