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### BOOK REVIEWS.

**Starting and Managing a Farm.** C. M. HAMPSON. New York: McGraw-Hill Book Company, Inc., 1948, pp. vii, 250. \$2.60.

This is a book for potential farmers and, as such, should be of great value, even to Australians, despite the fact that it is written by an American, for Americans. It is unfortunate that a book such as this dealing with Australian conditions is not available as a guide to those who contemplate "starting in farming" in Australia; such a book could also well be read and studied by many who are now farmers. The information and advice contained in this book should prove very helpful to all those who contemplate taking up farming as a career and to many who have already established themselves.

It is not a book for students, although it could well be read by extension workers and others who are called upon from time to time to give advice on the purchase of a property or to advise upon the type of farming which could best be undertaken or even whether farming should be embarked upon as a career at all. The book is written to be read by farmers. It is eminently readable and readily understandable; all the main points are made with great clarity, and even those who find most books "heavy going" should have little difficulty in reading and absorbing the many useful suggestions contained in it.

Of course a great deal of the information spread throughout the book will be of little direct interest to Australians contemplating adopting farming as a career, but the general conclusions drawn almost invariably apply to Australian conditions, naturally with some modification at times. The section of the book which would appear to interest Australians least is that devoted to Part-Time Farming. It is indeed surprising that this section figures so prominently, even though there may be very much more interest in part-time farming in the United States than there is in this country. The book would have been improved if Part II—"Part-Time Farming for Additional Income" were to follow the third, and fundamental, section of the book, "Farming for a Living."

The great value of the book lies in the author's emphasis on the essential fact that both the purchase and the operation and management of a farm must be viewed as a business proposition, and the chapter on "Selecting a Farm" is particularly valuable in explaining the various factors, both physical and economic, which should be taken into account when deciding upon the farm to purchase and the price that should be paid. Procedure and circumstances differ somewhat in Australia, but, in the unfortunate absence of any really good and readable material dealing with Australian conditions being available to the Australian public, no Australian contemplating the purchase of a property could fail to benefit by reading this chapter.

The chapter, "The Future of Farming Prices, and You," also deserves particular mention as being an admirable simple explanation of the causes of fluctuating prices for farm products, their effect on the farmer and the way in which he might best act, as a businessman, in view of such fluctuations.

If anything is lacking in this book, that is bearing in mind that its purpose "is to help beginners get a proper start in farming and to help them farm successfully," it is that farm records are not dealt

with in detail. On several occasions the important part which such records play in the management of a farm is emphasised and the types of records which might be kept are mentioned, but it is felt that the value of the book would be greatly enhanced if a chapter were added dealing in detail with the keeping of farm records and setting out sample records. Nevertheless the book is one that can be thoroughly recommended to anyone contemplating taking up farming as a career.

P. C. DRUCE.

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**Report of the Manager of the Federal Crop Insurance Corporation, 1948.**

Washington: United States Department of Agriculture, 1948, p. 40.

This is rather more than an annual report. It contains an interesting summary of the U.S. Federal Crop Insurance Corporation's history from its inception in 1939 through to 1948. The corporation has had a rather checkered career, its operations being suspended by the U.S. Congress in 1944 and reinstated in 1945. During its earlier years it operated on a nation-wide basis, but owing to the many difficulties involved in instituting an all-risk crop insurance programme substantial losses were incurred in the first eight years of its operations, and it has now been directed to operate on a limited and experimental basis only.

An extract from the introduction to the report provides a very brief history of the corporation and outlines current developments. It is reproduced here as being of interest to all in this country who have given any thought to the subject of crop insurance.

"The fiscal year 1948 was the ninth year of active operation for the Federal Crop Insurance Corporation. It was the first year since the inception of crop insurance that a net profit has resulted from the over-all operations. It was also a year of transition from what logically may be termed the second stage to the third stage in the development of Federal Crop Insurance.

"The first stage was the five crop years from 1939 through 1943 when Federal crop insurance was launched with an all out attempt to insure unavoidable crop losses on a nation-wide scale. Wheat was insured for the five years and cotton for the last two years of this period. Net losses were suffered each year, Congress suspended the programme, and no crops were insured in 1944.

"The second stage of development began with the reinstatement of the programme by Congress and extended from 1945 through 1947. Wheat, cotton, and flax were insured on a nation-wide basis during this period and insurance was started experimentally on tobacco and corn in a few counties. The experience gained in the first period enabled the corporation to establish a better basis for insurance in the second period.

"In this second period the corporation operated with a profit on three of the five commodities—wheat, flax, and tobacco—and a small loss on corn. However, heavy losses on cotton continued during the first two years of this three-year period, and were so large that they offset the favourable experience for other commodities and resulted in a net operating loss on the over-all programme. This situation was a primary factor resulting in legislation in 1947, which limited the scope of crop insurance operations not only on cotton but also on all commodities beginning with the 1948 crop year.

“The third period in the development of all-risk crop insurance got under way in 1948 with the transition to the limited programme. Operations on wheat, cotton, and flax are sharply reduced, while those on tobacco and corn are expanded slightly. The corporation also initiated experimental insurance in 1948 on two other crops in a few counties.”

The experience of the corporation is an object lesson to all those who, in this, or any other country, advocate the speedy adoption of comprehensive all-risk crop insurance programmes or even the adoption, by Governments, of crop insurance schemes with a strictly limited risk, such as hail insurance. It is most desirable that crop insurance be available to those farmers who require it; such insurance has a very beneficial effect in stabilising farm incomes and protecting farmers against heavy losses through no fault of their own, but any such schemes are difficult to administer and will undoubtedly necessitate heavy premiums. Local insurance companies are fully aware of this following their experience with hail insurance on cereal crops in recent years, and although complaints have often been made about the high premiums charged for this form of insurance in Australia it is not a profitable part of the insurance companies' business.

After nearly ten years' experience the U.S. authorities recognise that they are only now at the beginning of a long, important experiment, “the end of the transition period (1948) completes the change from providing a nation-wide service for the immediate protection of farmers to developing a basis for future service.”

No one interested in any aspect of crop insurance should fail to study the history and experience of the U.S. Federal Crop Insurance Corporation. This report provides a very useful introduction to the subject, together with quite a detailed explanation of current developments planned by the corporation.

P. C. DRUCE.

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**Pure Food and Agriculture Policy.** JOHN D. BLACK and MAXINE E. KIEFER, New York: McGraw Hill Book Company Inc., 1948, pp. viii, 384, \$3.50.

“This is a book on the food and agricultural problems that face the United States and the world in the next ten years. Its orientation is primarily that of the United States, but it includes other countries because they have the same problems and much of the time are part of the same problem.”

These introductory sentences show the task which the authors set themselves; the book is divided into four parts, Part I deals with the facts regarding food, agriculture and nutrition in 1947, in the United States and more superficially in the rest of the world. This Part is essentially an introduction to the more detailed discussion of various problems in the food and agriculture field which is found in Part II.

The first and the most fundamental problem in the long run is the adjustment of world food supplies and world population. The authors maintain that a balance between world food supplies and population can only be achieved by reducing the rate of population increase:—“Far more vital to the success of the F.A.O. programme (*i.e.*, freedom from

want of food, suitable and adequate for the health and strength of all peoples) than technological progress in agriculture or bringing new land into farms is what happens to birth rates and death rates in the next half century. All hope of any progress toward freedom from want for food in the world could be buried in a population avalanche." Coupled with this diagnosis is a statement that the Malthusian regions of the world—*i.e.*, those now, accounting for 60 per cent. of the world's population—must to a large extent work out their own salvation and cannot be helped in the long run by the supply of food from the more developed areas to relieve hunger, disease and famine. "The question is really whether in any country the improvement in the arts will advance faster than the population."

Other chapters in Part II deal with such problems as the Instability of Agriculture, Low-income Families in Agriculture, Malnutrition and the Conservation of Natural Resources. The authors are somewhat critical of recent statements made by "ultra-conservationists" and cite with approval the judgment of one hundred United States soil scientists that up to 1944 the decline in soil fertility in the United States has been inconsiderable.

Part III develops programmes which in the opinion of the authors would solve the problems discussed in Part II. The authors oppose production control as being inefficient and criticise the parity payments based on 1910-14 prices as preventing desirable adjustments in United States agriculture. Crops are to be sold on the market for what they will bring, and producers are to obtain supplementary payments (partly in cash and partly in the form of materials, *e.g.*, lime and fertiliser) when prices fall below parity levels. Only national quotas for each crop would be established, and if production exceeds the quota, by for instance one-fifth, producers would get supplementary payments for only four-fifths of their output. The funds for this and for a nutrition programme are to come from the treasury and the cost is estimated at about two thousand million dollars in a normal year.

The authors are very critical of existing trade barriers and restrictions and criticise the use of any method of adjustment likely to interfere in any way with free market prices. Australia's "two price systems and related controls with their subsidies to producers at the expense of consumers" are criticised on the grounds: (*a*) that they have retarded some production and other adjustments that are much needed, (*b*) that they have imposed something of a burden upon the lower income groups that have not been fully offset in other ways, and (*c*) that they have been something of a disturbing element in international trade.

These strictures deserve a more detailed reply than can be provided in a review of this kind. But it may be pointed out that no details of maladjustment in the resource allocation of the Australian economy have been given. It is true that sugar production has been expanded beyond strictly economic limits, but other considerations such as the need for populating the North East coast of Australia for defence reasons, may outweigh economic losses. A case can also be made out for over expansion of the dairying and some fruit industries, but here again non-economic considerations, such as closer settlement, etc., enter into the picture. In addition, the violent fluctuations in prices make it difficult to pronounce a definite judgment even on a purely economic and free-trade basis. Whilst consumers subsidised the exports of some

commodities in the 'thirties, in the last four years the same exporters have been subsidising the consumer. Surely a nation must not be condemned as a "disturbing element" in international trade because it refuses to follow the extreme price fluctuations of external markets to the detriment of stability in the local economy? Prices can only act as a guide for production adjustments when they are more or less stable and the mere fact that a country refuses to allow a temporary decline in prices from ruining thousands of producers, or a temporary rise to lead to a violent upward swing in costs (which have to be adjusted downwards again in a short time, by means of a painful process involving considerable unemployment and bankruptcy on the part of many producers) does not necessarily imply a lack of willingness to undertake necessary long-term production adjustments. Lastly, it must be pointed out that the burden upon low-income groups of two-price schemes in normal times is considerably alleviated by automatic cost of living adjustments.

Whilst the book is worthy of careful study and contains (in Part II) an excellent statement of many of the problems confronting agriculture in the United States, which have considerable relevance to this country, one feels that its scope is too wide and that countries outside the Western Hemisphere have been covered rather sketchily. Certainly with regard to Australia a more complete statement of the problems confronting our rural industries would be desirable.

F. H. GRUEN.

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**Farm Accounts.** F. SEWELL and C. V. DAWE. London: Geoffrey Cumberlege, Oxford University Press, 1948, pp. x, 149. 15s. (Stg.).

In the Foreword to this book it is claimed that—

"The present volume will provide the modern farmer with all the guidance he requires in preparing clear and simple accounts of all his operations. *It is intended for the farmer rather than the accountant* (my italics), yet it omits nothing which is essential to sound accounting practice. It will prove of immense assistance to those who are keeping full accounts for the first time, and will scarcely be less helpful in improving the general standard prevailing at present."

Any book which could measure up to these claims would, undoubtedly, be of great value to many Australian farmers; unfortunately this book does not. It is in complete contrast to Hampson's "Starting and Managing a Farm," reviewed above, which is not merely written with the intention that it should be read by farmers, but which is written in such a style that very few farmers will have any real difficulty in reading and understanding it. It is difficult to imagine more than the one odd farmer in a thousand reading the book now under review. It is unfortunate that this British book compares so unfavourably, in view of its stated purpose, with similar American books. The Americans know how to write and how to present their material in an attractive form so that it can be easily read by those who have, perhaps, little time for reading and who, no matter how skilled in other ways, have not had a great deal of "book education." If a book is to be read by the average farmer, it must be written in reasonably simple language and it should be attractively produced.

The authors have, in the space of thirty pages, endeavoured to explain to the farmer a complete system of double-entry book-keeping. It is doubtful if anyone without some grounding in accountancy could readily understand the various entries, and their purposes, with such a comparatively brief explanation.

Simplicity in farm book-keeping is an absolute necessity—no system which is not so simple that it can be reasonably easily understood by the farmer who has had no training in accountancy of any description, can hope to succeed. It was for this reason that this Department incorporated a single entry system of book-keeping in its Farm Record Books, which are now being used quite widely throughout New South Wales and in other parts of Australia. Experience has shown quite clearly that it is by no means easy for many farmers to understand the records provided for in these comparatively simple books. Experience in the United States, over a period of half a century, has been the same—double-entry book-keeping is too complicated for the great majority of farmers.

Despite the statement, already quoted, to the contrary this book will no doubt prove of considerable interest to professional accountants and to agricultural economists interested in farm book-keeping. Accountants who specialise, or contemplate specialising, in farmers' accounts and income tax returns may very well find some useful suggestions in the first Chapter of the book, which deals with Farm Accounts. A perusal of this section of the book by practising accountants in Australia might assist them in improving the service they now provide to their farming clients. Farm Accounting as a specialised study has received comparatively little attention in Australia, and at present consists of very little other than the compilation of income tax returns, except in so far as large grazing companies are concerned.

Farm Costs are also dealt with in quite considerable detail. This section of the book is likely to be of less practical interest to Australian readers than the chapter dealing with Farm Accounts, as very few farmers, or accountants, are interested in detailed cost accounting of farm products. A great deal has already been written in criticism of farm costing, all of which is apparently ignored by the authors of this book. From an accountant's viewpoint, the "enterprise" method of costing explained in detail in Chapter II is no doubt satisfactory; however, very few agricultural economists would agree that detailed costing can assist in the management of the farm and no farmer could be advised to undertake the very detailed cost records outlined in this book. Not only would the work involved be very great, but the results obtained might be quite misleading. The authors admit a large number of arbitrary decisions are necessary in allocating costs and they provide no solution to the problem of the interdependence of various farm enterprises on the mixed farm which is the basic difficulty which has always to be faced in farm costing.

P. C. DRUCE.