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BOOK REVIEWS AND NOTES

Agricultural Policy Under Economic Development, Earl O. Heady. Ames: Iowa State University Press, 1962. Pp. ix, 682, \$10.50.

Professor Heady intended this book mainly for students, professional economists and policy administrators. This reviewer agrees that it merits the attention of workers in these fields and feels that policy makers might also be added to the list.

The book is cast in a different mould to most dealing with the subject of economic development and the place of agriculture in it. The title illustrates the overall message in that agricultural policy is viewed, not so much in the context of initiating economic development, but in its role once development reaches the stage where agriculture becomes a relatively unimportant contributor to further growth. As such it is primarily a study of the contemporary problems facing American agriculture under the conditions of affluence and economic growth which characterizes its economy. Because of this, "Growth" might have been more appropriate than "Development" in the title.

With the conviction that agriculture must perform in a broad economic and social framework, a welcome premise, Professor Heady clearly states the basic United States' problems. He rejects firmly most of the 1930-1960 policies as being ineffective for the future. An economic reorganization is defined which he believes to be consistent with the U.S. national industrial organization, competitive structure, welfare economics and political processes. The fundamental question in the U.S. that he attempts to answer is: How can agriculture continue to contribute to national economic growth and consumer welfare without being penalized in income for doing so?

His proposals do not envisage a change in the form of agricultural policy but rather a change in its emphasis. Re-orientation is to take the form of policies more closely tied to the market and pricing mechanism than has been the case in the past. To safeguard the interests of the farming community measures ensuring positive-sum welfare gains from policy changes are included as part of this rationalization. Together these form a series of politically feasible programmes as well as economically desirable ones.

The proposals are largely an attempt to reconcile apparent conflicts between present welfare and long-run efficiency (welfare) as they now stand because of past policy. Professor Heady does not put forward a "grand design" for U.S. agricultural policy but discusses a "policy mix". Each aspect covered sets out various alternative lines of action and the pros and cons of each are ventilated without any particular one being chosen as the *sine qua non*. This method, which is probably the only feasible way of approaching the subject, will appeal to policy makers. The many conflicting interests involved have been covered and their place in the scheme of things defined. Even though confined to U.S. agriculture in general, those concerned with agricultural policy all over the western world

will benefit greatly from the book. It should give a warning to Australian policy makers not to become too committed to compensation programmes markedly divorced from market reality. Australian agriculture should adhere as much as possible to the price mechanism to allow desirable adjustments arising from economic growth to occur.

Academics will welcome the theory and analytical treatment of agricultural structure and policy. Equations and graphs are frequently used to develop the questions at issue. They are included in relevant places and provide a theoretical base to the practical problems of policy outlined in the book. Once again in the numerous back references to equations and graphs no mention is made of page numbers and this is a constant annoyance to any reader of Heady's writings.

Professor Heady tends to be unnecessarily verbose and this, together with constant repetition, makes the task of reading the 682 pages quite a formidable one. The chapters containing detailed algebraic analyses and technical descriptions take many hours to digest.

There is no list of tables or illustrations contained in the book and this detracts from its value as a reference book in agricultural policy. Furthermore the table of contents at the beginning gives the chapter headings only without including the subsections. Although the index adequately covers the subject matter the intending reader cannot grasp the logical sequence from this. The numerous references cited throughout are fully documented and represent a most useful and comprehensive bibliography in agricultural policy.

The book can be recommended to all who are interested in agricultural economics. Professor Heady's answers and suggestions to the fundamental policy question in the U.S. will no doubt make *Agricultural Policy Under Economic Development* the main policy text in the United States, and indeed many other countries, for some years to come.

J. G. RYAN

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Farm Tenancy and Productivity in Agriculture: The Case of the United States, James O. Bray. Stanford: Food Research Institute. (Reprinted from Food Research Institute Studies, Vol. IV, No. 1, 1963.) \$1.00.

This is the third of a series of reports on the productivity of agriculture in the United States. The series aims at giving guides to the underdeveloped countries by defining the reasons for American success in increasing food production.

Bray's appraisal of the relationship between farm tenancy and productivity is aimed to dispel the widespread belief:

"that American agricultural performance is, to an important degree, a result of the system of land tenure characterized by the family owned and operated farm."

He first suggests that economist's arguments from the static theory of the firm have little relevance to the relationship between type of tenancy and resource use efficiency in a changing world. This conclusion is put to test against the available statistics on tenancy in the United States. It is shown that land tenancy is just as important as ever but that there has been a marked increase in renting of land to augment the resource base of (presumably) efficient operators who already own land. Data is then presented showing average size of farm, by tenure of operator, at census intervals from 1900 to 1959. This data most strikingly shows the very limited growth in farm size for owner-operators, the more rapid growth for tenants and the remarkable increases achieved by part-owners.

If it is accepted that increases in farm size have permitted the introduction of new techniques the conclusion is inescapable:

“Far from inducing inefficiency, land rental in the United States, it appears, plays a vital role in facilitating rapid change in farm size. These adjustments have been associated with the changes in production techniques that alone can explain the great increase in labour productivity in American agriculture.”

Thus Bray's advice to the underdeveloped countries is that they should look at the structure of incentives determining land use and production techniques, rather than at land ownership alone. This statement is carefully worded and should be carefully interpreted. It is clear that Bray is not suggesting that attention should not be given to replacing some forms of land tenure in the underdeveloped countries.

This pamphlet must be regarded as essential reading for all concerned with the role of tenancy in the efficiency of agriculture.

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J. G. BIRD

One Per Cent, The case for greater Australian foreign aid, Anthony Clunies Ross with R. I. Downing and others. Melbourne University Press, 1963. Pp. ix, 49. 6s. 0d.

After reviewing the foreign aid situation in the world today, and illustrating how comparatively rich are the Australian people, the authors of this booklet urge that a constant proportion of one per cent of the Australian National Income be contributed to aid the development of the underdeveloped countries.

Comparing the average income figures of the rich and the poor nations the authors paint an impressive picture of poverty in many countries claiming that the differences in the figures “over-ride all statistical quibbles” of this form of comparison. Without showing how the statistics are derived they illustrate the extent to which foreign aid is needed to advance the underdeveloped nations at a rate considered satisfactory. The authors then claim that Australia should set a precedent of generosity which other rich nations should follow. Without going deeply into the subject they arbitrarily choose a figure of one per cent of Australia's National Income and outline how it might be used as aid, where it might come from, and the advantages of such a move. The “apparent objections” to increased foreign aid are briefly mentioned and just as briefly dismissed.

Despite its brevity the booklet gives a good overall coverage of the current foreign aid situation, and, while it is not a textbook, the list of sources and general readings should be of use to the student. However, the main aim of *One Per Cent* is to make the general reading public aware of the need for more foreign aid in order that pressure might be brought to bear to increase Australia's contribution.

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J. W. ELSTON

Industrial Fibres, Commonwealth Economic Committee. London: H.M.S.O., 1963. Pp. iv, 230. 10s. 0d. (stg.).

Industrial Fibres presents in convenient form, reviews of production, international trade, consumption, stocks, prices and customs duties for the following commodities: wool, cotton, rayon and other man-made fibres, mohair and other fine hair, silk, flax, jute and jute manufactures, sisal and other hems, coir and kapok. The present volume (the thirteenth in the post-war series) covers developments up to the close of the 1961-62 season with comparisons for the four immediately preceding seasons as well as for averages of earlier post-war years. In each section particular reference is made to the part played by the Commonwealth countries and to their interest whether as producers or consumers.