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Book Reviews

Australian Agriculture: Reconciling Change and Tradition. Campbell, Keith O. Melbourne, Longman Cheshire, 1980. Pp. viii + 274. $11.95.

Keith Campbell has been a dominant figure in the Australian agricultural economics profession for more than three decades. In that time he has provided strong leadership for a profession which until recently experienced rapid growth. He contributed significantly to the differentiation of the profession from both economics and the various agricultural sciences, while, at the same time, he consistently displayed concern that the important links with those other disciplines were well-maintained and were apparent to all. Australian agricultural economics has been most fortunate in its founding fathers and Keith Campbell, by his intellectualism and by the breadth of his concerns for the many dimensions of Australian agriculture, has not been the least among them.

Memory often simplifies the past, but the young profession which Campbell helped nurture seems, in retrospect, to have flowed along a fairly well-defined channel. This appears to be in contrast with a present in which the consequences of a more complex economy, of flexible exchange rates, of the rise in importance of development economics, and of the increased demands of resource and environmental issues suggest that the well-defined channel has become somewhat braided. Indeed, to some, it might seem possible that the stream could lose its identity altogether by breaking the banks it still possesses and merging with the sea of economics as a whole. While an appropriate response to this conjecture may be "tant pis", it does beg the question as to the basis of the separate existence of the profession. What is the nature of the mainstream of Australian agricultural economics?

Farm management aside, the nature of this mainstream has been indicated by two recently published books, one being the second edition of D. B. Williams' *Agriculture in the Australian Economy* and the other being the book currently under review. These two books deal with a great diversity of topics which are unified by their relevance to Australian agriculture and to the people, communities, organizations and institutions involved in it.

In the preface Campbell says his book has two purposes. The first is ". . . to introduce city people to farmers' attitudes and aspirations, to the social and economic environment in which they operate, and to current and likely future developments in the rural industries". The second is ". . . to provide farmers and others connected with the agricultural industries with an analysis of the complexities and ramifications of the problems with which they have to deal". Campbell is concerned about rural-urban schisms which he sees as having intensified in recent years and which are associated with a regrettably low level of understanding of the economic, social and political circumstances of an important Australian industry. In an educational context he sees the book as one for students of agriculture to use early in their careers as a complement to a training which might otherwise be solely technical in its orientation. Clearly the book is not intended for a professional audience. Campbell is to be congratulated on perceiving the need for a book such as this and on moving to fill the gap. He clearly sees the book as a contribution to policy extension, the

lack of which he deplores (p. 154). He appreciates the point that professional prescriptions directed to the decision makers at the top of the political pile are not enough. In a society such as ours, the greater the level of awareness, understanding and interest on the part of the community as a whole, the greater the chance that professional economic advice will be effective in producing political decisions which will be in the public interest.

As would be expected of a book with these stated purposes, coming from this author, the scope is very wide. Superficially it does not look formidable, at just over 250 pages of text split into 33 chapters each of about five to seven pages in length. In fact the whole thing is quite dense and it is not one to be easily skim-read at one sitting. On the other hand, the organization is such as to make it an easy book into which to dip. There are seven parts, each dealing with an important general area. The shortest part has two chapters and the longest seven. This high degree of subdivision, together with a comprehensive 14 page index, should make it easy for the reader to dip into the book on a chosen topic.

One unsatisfactory feature of the book is the sparsity and selectiveness of the references. Because of this the uninformed reader could be excused for concluding, on the basis of the readings cited, that nearly all the work worth citing was done at the University of Sydney. Nowhere is this better exemplified than in the discussion of rural credit where the important contribution of Bruce Standen is ignored. A consequence of this selectivity is that, as an introduction to the literature on Australian agricultural policy, the book is less than adequate.

A further concern is that the author has a tendency to make some assertions which appear to lack substantiation. While a certain amount of this must be unavoidable in a book of this type, there are a number of situations where some substantiation would appear to be desirable. Thus we are told on page 56, without supporting evidence, that the selection of improved strains of sugarcane has brought substantial income gains to the industry. On pages 99 and 100 there is a very brief discussion of the history of closer settlement which could well have done with some more detailed referencing. In several places reference is made to the evidence in favour of the amalgamation of rural local government bodies. Thus, on page 124, the statement appears that there is a "substantial case for the amalgamation of local government units". To this reviewer's knowledge no published evidence exists on this matter that would be acceptable to an economist. Again, on page 162, reference is made to price stabilization schemes which, by ignoring production fluctuations, have had the effect of destabilizing returns from wheat. This surely needs some support in the form of references or empirical evidence. On page 175 we are told that economic assessments of rural adjustment cases ". . . were not as good as they might have been and that administrators have adopted a predominantly banking approach to reconstruction"; while perhaps true this is too important a statement to make without support.

In a sense the book is the plain man's Keith Campbell reader. Many of the arguments advanced are familiar to agricultural economists and they are, as would be expected, advanced vigorously and clearly. Policy conclusions are clearly stated and are usually logically developed though on occasions, such as the discussion of agricultural education, polemic seems to hold sway over remorseless logic. Economic rationality constitutes a strong thrust, so much so that at times, behaviour that is inconsistent with such rationality is termed irrational. One would hope that Ted Sieper has irreversibly opened the eyes of the profession in this respect.

While not intended for the professional reader I would expect that many agricultural economists will buy this book if only because it contains within it so much of the author's sweep, insight and wisdom. We are very fortunate that this influential member of the profession chose to mark his retirement by the publication of a book which brings together so many of his views which are currently widely scattered throughout the literature.

University of New England. WARREN MUSGRAVE.

Beef in Japan: Politics, Production, Marketing and Trade. J. W. Longworth. St. Lucia, Queensland: University of Queensland Press, 1983. Pp. xxvi + 327. $A25.00.

This is the first detailed case study of the Japanese livestock industry to be published in English. Having had the opportunity to examine closely the Japanese beef industry on a number of occasions, few stand better equipped than its author, J. W. Longworth, to write such a book.

The subject, though simply stated in the title "Beef in Japan", is one that embodies a multitude of processes that interlock agriculture, industry, politics, economics and Japanese traditionalism. The aim of the book is to give people in all sectors of the industry an appreciation of these complexities, by describing the Japanese beef industry, changes that have occurred during recent decades and the causes of the changes.

Chapter 1 is devoted to the demand side of the Japanese beef market. A dietary revolution has taken place due to a number of factors, including the westernization of Japanese food habits, which makes beef a special and highly valued commodity. The various segments of the beef market are described, and an assessment is given of some of the economic parameters in the market. The supply side is dealt with in the second chapter. Domestic beef cattle raising since World War II is placed in perspective relative to the rest of the rural sector. As Japan now imports more than half its food, the rest of the chapter traces the development of trade, especially that of beef imports.

Chapter 3 describes the poltical forces underlying domestic beef production, and the institutions involved in policy making and administration. These are related to the sensitive nature of meat trade politics in recent times.

Chapters 4 and 5 contain more detailed discussion of the domestic production of beef. Chapter 4 concentrates on the origin and production of the traditional Japanese Wagyu beef breed. The first part of Chapter 5 looks at production in the dairy beef sector, and the second part highlights longer term obstacles to beef production in both the Wagyu and dairy sectors.

In Chapter 6 the recent modernization of the slaughtering, distribution and marketing of meat in Japan from farm-gate to consumer is described. The implications of these improvements for the beef import trade are discussed.

Japanese beef imports are controlled by an administratively complicated import quota system which is linked to a beef wholesale price stabilization scheme. The operation of these schemes is detailed in Chapter 7, with a review of the major criticisms of the procedures. Two important sections are devoted

to the diaphragm beef issue, and to the question of who benefits from the substantial profit margins on imports.

Chapter 8 deals specifically with the feeder cattle sector. The deficiency payment scheme, in operation to support feeder calf prices, is discussed and evaluated in terms of its effectiveness and potential for replacing existing producer support policies. The supply of feeder cattle is the basic determinant of future domestic production. The possibilities for producing these domestically or for importing them are also covered in this chapter.

The issues and policies associated with livestock feedstuffs are the subject of Chapter 9. The growing dependance of the Japanese beef industry on imported feeds is highlighted. The schemes introduced to provide a buffer stock of imported feed, and to stabilize the domestic cost of concentrated feeds are explained and evaluated in the final section of the chapter.

In the final chapter, the major issues canvassed in the preceding chapters are summarized. A critique of the Government's projections of beef demand and supply to 1990 are given, and implications are drawn for the future importation of beef. Impediments to liberalization of beef trade, and alternative import policies are examined. The author concludes with some comments on likely future developments in Japanese beef marketing and trade policies.

Overall, the book is well furnished with figures, tables and illustrations. Additional information is provided for specialist readers through the footnotes and references. The book can be criticized on a couple of technical points. In some sections over-simplification makes the text ambiguous. Similarly, certain estimates provided are not well sourced nor fully substantiated. These comments may be somewhat over-critical, for Longworth does concede that certain facts and subtleties of Japanese society may have been misinterpreted due to his inability to converse in the Japanese language.

Undeniably, "Beef in Japan" is a welcome contribution to the literature on international beef markets. Longworth's aim was to prepare a well researched but readable book for the generalist, whilst also providing detail for the specialist, and in effect this is what has been achieved.

CLARE JOHNSON
Australian Meat and Live-stock Corporation NICOLA BLYTH

Computers in Farming—Selection and Use. Sonka, S. T., McGraw-Hill Book Co. Pp. 266. $34.55.

The choice of an appropriate computing system for a farming business is becoming increasingly difficult as a wider variety of both software and hardware becomes available. Steven T. Sonka's book "Computers in Farming—Selection and Use" will aid in the selection process and leave the advisor or farmer with confidence that their choice is a good one.

The book is written for American conditions, although in most circumstances it can be applied to the Australian situation. The major divergences occur in physical management practices. Software prepared for American conditions may have to be modified to suit the Australian situation.

The book is well structured and goes to considerable lengths to set chapter objectives. There is cohesion between the sections, with each maintaining the overall perspective of the book.

The book contains 3 main sections. The first is an introductory section describing the goals of the book, the possible needs for computers, misconceptions of the computer, development of the computer in an historical time frame and gives valid reasons why we may expect to see more computers on farms in future years.

The second section devotes itself to the criteria involved in purchasing the most appropriate computer system for a farm business. The procedures the reader is encouraged to adopt (which are continually emphasized) are:

1. Identify your farm's information needs.
2. Evaluate the software available that fulfils these needs.
3. Select an appropriate hardware system.

Information needs are categorized into financial accounting needs, crop production records and other uses. For each information category a worksheet has been developed to help determine whether computers will assist in providing information. Once this process has been undertaken, the author argues that the potential buyer is then in a much better situation to look for software that will provide suitable information. Matching hardware to the software is the last step in the process.

The components of computer hardware and broad classes of software types are explained simply to help the newcomer in mastering the terminology. Abbreviations not immediately recognizable or understandable are explained in a glossary at the back of the book. A guide for selecting software and hardware is provided and a worksheet is included as a guide to help evaluate the annual cost of computer use.

Section 2 continually emphasizes the process that should apply in computer selection. The process put forward is sound and logical and deserves considerable attention.

Section 3 details farm computer applications. Exhaustive coverage has been given to the use of computers in financial management either with accounting type packages or by using electronic spread sheets.

Conversely, very little attention is given to the use of computers for physical record keeping. This is a major reason why many farm computers have been purchased in Australia. The writer does not describe how versatile a good data base management programme can be. Likewise, the potential of the computer to access information that is held on large computers for communications purposes or obtaining commodity prices, has been given relatively scant coverage.

Overall the book is well written and pitched at a relatively basic level, although the person who has little exposure to computers will often require the glossary of terms. The book is complemented by numerous examples most of which can be applied to Australian situations. The book also provides

numerous other references at the end of each chapter for further reading, however, for the Australian audience it does not refer to some of our local periodicals which may have more relevance.

At a price of $34.55 this 266 page paperback is quite expensive. It will be of most use to those uninitiated to micro-computers to help them identify the most appropriate software and hardware to purchase (if any). It will also benefit those looking to upgrade their computing facilities. It is a useful reference for those who are called on to advise farmers on computing needs and to academics who have some involvement with computers in agriculture.

Department of Agriculture, Dubbo. LLOYD DAVIES.

Marketing Farm Products: Economic Analysis. Geoffrey S. Shepherd and Gene A. Futrell. The Iowa State University Press, Ames, Iowa, Seventh Edition, 1982, Pp. viii + 428. $US25.95.

This is the seventh edition of one of the most respected texts on agricultural marketing, first published in 1946. This revision was prompted by the "Revolutionary changes in agricultural marketing structure and practises . . . moving the system . . . toward monopolistic or oligopolistic competition" and by "changes . . . flow(ing) from new technology" (p. vii). Shepherd and Futrell argue that these fundamental changes create a new set of marketing problems which require a revised framework for analysis.

In setting up such a framework in *Section 1* (two chapters, 32 pages), Shepherd and Futrell integrate the space, time and form division of utility (as related to the "perfect market" concept), with the three major and interrelated issues of agricultural marketing—demand, prices and costs. They believe this 3 × 3 conceptual lattice provides a workable framework for analysing markets and evaluating market performance, because it can be used in either a horizontal or a vertical mode. This framework is in fact used in organizing the remaining sections of the book.

The concept of a perfect market is recognised as being unattainable in reality, but the authors stress that it is ". . . nevertheless an essential standard or reference in (the) scientific study" of agricultural marketing issues and problems (p. 30). Other economists may dispute this claim.

In *Section 2* (18 chapters, 230 pages), marketing problems (mainly relating to functions) are considered separately, horizontally across several or many commodities. The contents of this Section range from expositions of the elementary theory of demand, costs and prices, through discussions of market information, seasonal and cyclical price movements, futures markets, formula prices and grading, to government intervention, marketing costs and concentration in food manufacturing and retailing.

The chapters on elementary theory are just that, while in several other chapters on functional issues the treatment is neither sufficiently analytical nor sufficiently detailed. There is only one short chapter on government programmes affecting agricultural prices. However, some sections do provide information of relevance to current and emerging issues in agricultural marketing in Australia—market information, futures markets and alternative price discovery mechanisms, and concentration in processing and retailing.

In *Section 3* (ten chapters, 157 pages), commodities are considered separately, vertically down several or many functions. There are chapters covering beef, hog, dairy, poultry, grain, cotton and fruit and vegetable marketing. A final chapter entitled "Patterns of Marketing Process" is a useful summary of the marketing issues Shepherd and Futrell see as being worthy of further study.

The book is well produced and very readable with extensive use of subheadings, tables and figures. There are no bibliographies for further reading, nor questions for discussion nor summaries at the end of each chapter, although there are occasional "Appraisal" sections which do provide a conclusion to some chapters. Most recent data is generally 1979. Also, in spite of the emphasis given to changing market structures and electronic marketing in the rationale for this revision, there is only one chapter on market concentration and only six pages relating to electronic selling systems.

In comparison with other recently released U.S. agricultural marketing texts (e.g. Kohls and Uhl, Rhodes), Shepherd and Futrell stands up fairly well. However, as with the competitors, the book has a relatively limited appeal to Australian agricultural economists because all the commodity and institutional detail is U.S. oriented, and because the text is essentially descriptive. My personal view is that Kohls and Uhl provide best value - the subject matter included is more comprehensive, the emphasis on food marketing is more relevant to current policy issues, and the price is considerably lower.

Department of Agriculture, Armidale. G. R. GRIFFITH.

Price Formation and the Performance of Agro—Food Systems. Organisation for Economic Co-operation and Development. Agricultural Products and Markets Series, Paris, 1982, Pp. 36.$US6.50.

This volume summarizes an O.E.C.D. seminar on "Price Formation Processes and the Changing Nature of Food Systems" held in July 1980. It ". . . examines the extent to which the theoretical framework . . . can shed light on the (price formation) process. It is designed to provide a frame of reference for an evaluation by government of agro-food price performance and pricing efficiency" (p. 3). A preceding and related report *Food Margins Analysis: Aims, Methods and Uses,* was reviewed in an earlier issue of the *RMAE* (Vol. 50, No. 2, August 1982).

The report comprises four short sections. A three page *Introduction* defines the basic concepts required to analyse food price formation. These include the price formation process and the factors which influence it; pricing efficiency in the short-run and long-run; and criteria for evaluating the economic performance of these price formation processes. Emphasis is given to achieving long-run pricing efficiency consistent with a set of performance objectives for the food system.

Part One (10 pages) summarizes the conclusions of a series of case studies of price formation mechanisms for different products and different countries. These case studies are arranged in four subsections: examples of current mechanisms used for selected products; schemes aimed at improving pricing efficiency and performance, especially electronic marketing and futures markets; government intervention in domestic price formation, particularly the

politically sensitive areas of milk and bread pricing; and international price formation processes, including the roles of export marketing boards and multinational trading houses.

Part Two (8 pages) examines the theoretical framework on price formation. The elements of price formation are considered first, with emphasis on market structure and the extent of competition. Thus the marketing systems of various agricultural commodities and foodstuffs are compared in relation to the mechanisms of price formation they employ, including a brief discussion of firm numbers and product homogeneity. Finally there are very short sections on transaction costs and market failure, and on the role of information in pricing efficiency.

Part Three (4 pages) discusses public policy and price formation. This section includes government intervention, particularly the use of price controls during rapid inflation and the relationship between domestic interventions and international price formation; and suggested policy measures to improve price formation processes. Emphasis is given to the notion ". . . that effective *competition* and *information* policies are the principal means through which efficiency in price formation can be promoted" (p. 34).

The report also includes a detailed Table of Contents; a Summary and a Conclusion of less than one page each: and two Annexes; a list of papers presented at the seminar, and a selected Bibliography of recent literature on price formation.

The volume is essentially a 22 page summary of issues raised in 22 full length reviews and research papers. As such, and by admission (p. 11), only the major conclusions of each of the case studies are presented, and only very general concepts, conclusions and implications are covered in the theoretical and policy sections. Further, the latter parts of the report are strongly free market oriented, with little balancing discussion on the possible benefits of intervention in price formation.

To this reviewer, the report is much too general to be useful to economists involved in studies of price formation in specific markets, although policy makers and students may gain from the summary of the issues relating to price formation processes. The case study abstracts spark some interest, but we really need access to the full set of seminar papers if we are to answer queries like: "Is the methodology appropriate? Are the hypotheses tested adequately based on the theory? Are the conclusions drawn a fair reflection of the results obtained? etc.".

Department of Agriculture, Armidale. G. R. GRIFFITH.