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Agricultural Economics

THE ROCKEFELLER FOUNDATION IN AGRICULTURAL ECONOMICS

This is a progress report, illustrated by Latin American experience, on The Rockefeller Foundation Program in Agricultural Economics and, drawing upon Dr. Harrar's Proposals for the Future Program of The Rockefeller Foundation, with special reference to problems of land and water economics.

In agricultural economics, working especially in cooperation with Agricultural Science and, where possible, with University Development, we try to strengthen the discipline in the developing countries. This means training men, financing research, helping to build faculties, and coping with the problem of adaptation.

The Foundation supports research, such as a study of causes and probable effects, especially on the rural economies of developing countries, of European economic integration; an analysis of the economic contribution of Mexico's institutionalized agricultural research; an investigation of the water economy of Arizona; and (by a Colombian Ph.D. and former Rockefeller Foundation fellow who now directs the Universidad de Los Andes Center for Development of Economics) research on the world market for Colombian coffee. It has also supported efforts to improve the statistical base -- examples are rural censuses in Brazil and Colombia. The Foundation is helping build agricultural economics in conjunction with natural sciences -- and following in the footsteps of the Agricultural Sciences Program -- at the Agrarian University in Peru, and we look for ways and means to improve agricultural economics in the Universidad del Valle in Cali as well as in certain American universities in Brazil, Chile, Colombia and Mexico.

It is a difficult task to adapt economics to developing country conditions. One informed critic says: "Of American technicians going overseas, those with the most to forget and the most to learn are farm management men and home economists." Impatient with the snail's pace of economic growth in developing countries, some would abandon the corpus of "western" economics completely. Others insist that economic behavior like the pursuit of gain and economic principles like marginal utility prevail everywhere but that they work somewhat differently in different cultures, so that economic analysis can grow effectively only in indigenous institutions.

Parallel to the problem of adaptation is the problem of linking agricultural economics, on the one hand to natural science in agriculture, and on the other to general economics. The principles of economics may be the same whether applied to agricultural, industrial, or commercial problems; but the special characteristics of the factors of production in agriculture (particularly the biological processes of growth, the involvement of the farmer in his task, etc.) argue for a rural acquaintance and even a rural sympathy on part of economists who make real contributions in this field. Finally, there is always difficulty in recruiting the ablest personnel into agricultural science, whose practitioners rarely preen themselves on their social elegance. In the developing countries the snobbish contempt for agriculture as a profession seems to exceed even that familiar in the West.

The Foundation works on all these problems of adaptation, of linkage, and of recruitment. The unusual support for the International Association of Agricultural Economists is in point; so was the 1961 Chicago Conference on

Agricultural Economics which has helped stimulate developments in La Molina, Peru, in other Latin American countries, and perhaps even (though outside the focus of the Conference) in South Asia. Following the lead of the Agricultural Sciences Program of the Foundation, we try to cope with problems of linkage and of recruitment by bringing scholars to study in universities representing the cream of the economics profession by recruiting first-rank economists like Vernon Ruttan for the IRRI or like T. W. Schultz to study and report on the program possibilities for agricultural economics in South and Southeast Asia. Perhaps it should be added that the reputation of the Foundation naturally combines with its stress on Agricultural Science to increase the prestige of professional agriculturalists: it could be worth while consciously to try to strengthen this natural tendency.

Turn now to special emphasis on land and water problems; each properly stressed; and both closely related -- indeed, in production economics at the farm level, water and land can sometimes substitute for each other. Reflection on land and water economics leads one to note the considerable importance in each of institutional analysis, on the one hand, and of theoretical economics, on the other. Experience in the United States demonstrates the importance of legal, social, and political institutions. The stubborn effort to apply the ill-fitting 160 acre homestead act in the arid west is an example of institutional intractability in the same region that witnessed the rapid and effective modification of the
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 riparian doctrine of water rights by the appropriation doctrine. Land

1. In turn this difference suggests that the bench and bar may often be better adapters of institutions to facilitate economic change than legislatures or even presidents. Application of the rule of capture to petroleum is another example. Probably the development of limited corporate liability is much more important an illustration. With executive leadership in high fashion, the dynamic economic role of the bench and bar, at least in the United States, may be overlooked.

tenure, taxation, inheritance, rural zoning, development of drainage and irrigation districts -- these and many other subjects would further underline the institutional influence. When major floods occur, a cresting of public demand for flood control spending is also predictable; but despite the billions spent on flood control, many of our cities are more vulnerable to floods than before -- the reasons, particularly in the failure to control developments in the flood plains, are institutional.

In economic analysis of land and water problems, the striking thing is the use of general economic theory. Thus price movements have compelling effects on agricultural land use -- as is illustrated by the U. S. wheat surplus, the geographical shift of cotton, or the enlargement of the so-called commercial corn area. In water economics, price theory is often paramount as will be illustrated in the west by industrial and domestic uses bidding water away from irrigation. So also in farm economics we have seen "farm management" surveys give way to budget analysis which in turn is replaced by techniques like linear programming. The same principle is illustrated in water economics where econometric models are developed to test the maximization of returns from differing uses of the water of given river basins.

Finally, this stress upon land and water problems serves to highlight the special nature of economic (and related) analysis. While economics often works on specific problems, e. g., input-output analysis of fertilizer, it also has a generalizing capacity. In its most important role, economic analysis attempts to synthesize, for example, a plan for a farm. Here, the aim is to inform policy judgments -- be it the policy of an individual cultivator or farmer, an Indian village, a Mexican cooperative, or a province, or a nation, great or small. In this economics,

among the program interests of the Foundation, is essentially different from Medicine or Agriculture, although not so different from University Development which, again, involves more of the synthesizing and balancing approach. The great and growing income disparity between the developing and the developed countries of the world underlines the importance of the synthesizing approach of economics or, preferably, of political economy.

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