



**MACMILLAN
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ECONOMICS**

Agricultural Economics
and Rural Land-Use

M J Stabler

Editors' Preface to Macmillan Studies in Economics

The rapid growth of academic literature in the field of economics has posed serious problems for both students and teachers of the subject. The latter find it difficult to keep pace with more than a few areas of their subject, so that an inevitable trend towards specialism emerges. The student quickly loses perspective as the maze of theories and models grows and the discipline accommodates an increasing amount of quantitative techniques.

'Macmillan Studies in Economics' is a new series which sets out to provide the student with short, reasonably critical surveys of the developments within the various specialist areas of theoretical and applied economics. At the same time, the studies aim to form an integrated series so that, seen as a whole, they supply a balanced overview of the subject of economics. The emphasis in each study is upon recent work, but each topic will generally be placed in a historical context so that the reader may see the logical development of thought through time. Selected bibliographies are provided to guide readers to more extensive works. Each study aims at a brief treatment of the salient problems in order to avoid clouding the issues in detailed argument. None the less, the texts are largely self-contained, and presume only that the student has some knowledge of elementary micro-economics and macro-economics.

Mathematical exposition has been adopted only where necessary. Some recent developments in economics are not readily comprehensible without some mathematics and statistics, and quantitative approaches also serve to shorten what would otherwise be lengthy and involved arguments. Where authors have found it necessary to introduce mathematical techniques, these techniques have been kept to a minimum. The emphasis is upon the economics, and not upon the quantitative methods. Later studies in the series will provide analyses of the links between quantitative methods, in particular econometrics, and economic analysis.

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Agricultural Economics and Rural Land-use

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Preface and Acknowledgements

This is not a survey of agricultural economics; it is more concerned with the interaction between agriculture and other rural land-uses. As such it concentrates on the wider issues of agricultural activity in relation to advanced economies, where general economists, if not their agricultural counterparts, are increasingly concerned by the economic effect of such activities. A central feature of this concern is the impact of agricultural policy of farming and its associated effects on the rural environment.

Chapter 1 attempts to summarise the major aspects of what might be termed the 'traditional' approach to the economic analysis of agriculture, and acts as a foundation for an examination of the reasons for the form and objectives of intervention in the industry undertaken in Chapter 2. In Chapter 3 the effects on the agricultural sector of both the instruments and objectives are considered and in Chapter 4 the discussion is extended to assess the conflict between agricultural and other uses of land – urban areas, forestry, water-supply and recreation.

The references cited are virtually confined to the post-war period on a basis that they should be fairly typical, or represent a new approach, or include references to important studies elsewhere and be reasonably accessible.

I would like to acknowledge the support I have received from colleagues at Reading, for their helpful comments, particularly Paul Cheshire, who in numerous discussions helped me to formulate my ideas on the social costs of agriculture. I owe a special debt of gratitude to my wife, whose perception in making rude comments about the likely publication date of the book, whenever inquiries were made as to its progress, goaded me into completing it. I also wish to thank my mother, who helped to list and check the Bibliography; and Barbara Wall, who patiently typed and retyped the original drafts. Any errors or omissions which remain are entirely my own.

December 1974

M. J. S.

I The Traditional Approach to the Economics of Agriculture

It is difficult to delineate the boundaries of agricultural economics, ranging as it does from the technical level of much farm-management work to psychology, sociology and planning. The problem is partially solved by accepting E. S. Mason's argument ('The Political Economy of Resource Use', in *Perspectives on Conservation*, ed. H. Jarrett; Resources for the Future, Johns Hopkins University Press, 1958) that the output and consumption of food products is sufficiently different from that of manufactured goods to justify it as an area of separate study, and may necessitate intervention by government agencies. According to Mason, the essential difference between manufacturing industries and agriculture is that the latter is characterised by inelasticity of supply and demand, which causes malfunctioning of the market mechanism, resulting in widespread repercussions on the operations of the industry and those engaged in it.¹

Examination of the reasons for inelasticity in the supply of food products is, therefore, a convenient point at which to begin a survey of the economics of agriculture with the double aim of showing (1) how the industry affects other rural land-uses, and (2) what implications it has for society at large.

This chapter is largely concerned with the micro-economic analysis of agriculture and relies heavily on the existing texts

¹ Mason's discussion is much in the same vein as the concern which many agricultural economists in the United States show over the scope of their subject. They suffer recurring bouts of definitional fever, which makes for diverting reading. See the papers and proceedings of the American Economics Association published in the *American Journal of Agricultural Economics*. A typical example is an article by J. M. Buchanan, 'A Future for Agricultural Economics', *American Journal of Agricultural Economics*, vol. 51, no. 5 (Dec 1969.)