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AGRARIAN STRUCTURE AND PRODUCTIVITY IN DEVELOPING COUNTRIES

By R. ALBERT BERRY and WILLIAM R. CLINE
Baltimore: Johns Hopkins University Press. 1979.

The central thesis of the book is that the often conflicting objectives of efficiency and equity are not necessarily in conflict in agricultural economic development. Theoretical and empirical evidence are cited to establish the case that output per unit of land tends to be greater on small farms than on large farms. Hence, agricultural development strategies can best contribute to the goal of increasing agricultural output by emphasizing small farm development. These development strategies also favor the improved distribution of income.

The book is quite technical in its economic content; only advanced students of economics will find it easily readable. Berry and Cline cite the results to empirical research to test hypotheses suggested by economic theory. Both in-country and cross-country analyses are presented. Even a sympathetic reviewer remains uncomfortable with the interpretation of some results, however.

1. Productivity per unit of land is the sole criteria used for evaluating productivity. The authors, in essence, impute all residual returns to this resource. In many developing countries other inputs also are limiting and must be carefully allocated.

2. The premise of the book is that only land is scarce (or most scarce) and labor is unemployed or underemployed in the agricultural sector. Demands for agricultural labor, whether in technologically advanced or primitive agricultural economies, are seasonal. Underemployed labor (in the aggregate) coexisting with seasonal labor shortages may characterize the agriculture of many developing economies. Seasonal labor shortages affect the choice of enterprises and intensity of land use; at the time of peak demands, labor is very costly.

3. Extrapolation of the hypothesis and attempts at support across countries is the weakest part of the book. Considerations of space-economy are not recognized here or elsewhere. That is, are large farms located at further distances from consumption centers? Because of location and associated infra-structure, do they tend to be more extensively operated? Also, climate is an important determinant of output per unit of land. Farm sizes are likely to have a high negative correlation with precipitation or water availability. Output per unit of land is highly correlated with water availability.

4. Production per unit of land is the efficiency measure applied; the amount of agricultural products sold per unit of land is not considered. Small farms tend to use greater proportions of their total output for home consumption than do larger farms; they are more subsistence and less market oriented. Further, labor intensive farms which use animal power also tend to be livestock intensive. Land is required to produce feed for livestock. It becomes difficult for small labor and livestock intensive farms to perform tillage operations on a timely basis and to produce a marketable surplus from a given land area.

5. Assuming the empirical arguments presented by Berry and Cline are correct, and small farms do have a higher level of efficiency than large farms, the correct policy to be inferred needs further consideration. Are the farming systems suggested consistent with the intra- and intertemporal externalities associated with resource use? Further, does an agricultural sector structured along the patterns advocated by Berry and Cline offer the greatest potential to contribute to the country's overall development? In many cases, the export of agricultural products may offer one of the greatest potentials for earning foreign exchange credits. But, can agricultural economies so structured compete with more highly capitalized agricultural economies in world markets?

Berry and Cline not only have provided an extensive amount of empirical research but they can do an even better job of generating a number of researchable ideas which beg analysis. It's an important contribution for analysts of agricultural development. The book is highly recommended to all economists working in the production and planning aspects of agricultural development.

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