

INTRODUCTION - AGRICULTURAL ECONOMICS.

Agricultural Economics ~~is~~ concerned with the business side of agricultural production. Originally, Economics as a study dealt solely with agricultural problems. Later, it became more occupied with such considerations as factory production (1). In comparatively recent times the branch of Agricultural Economics was evolved. Present depressed conditions cannot but turn attention to this science, which can be of such great value to the farmer and estate owner. Since the study is as yet only in its infancy its importance cannot be conclusively demonstrated by results. Despite this, some countries, notably the United States and Canada, have already obtained results of considerable value to the farming industry.

Agriculture, it is said, is a science and a craft, but primarily a business (2) (3). The farm or estate is a factory in which money is invested with the expectation of profit. The agriculturalist, as a business man, remains interested in agriculture only so long as the possibility of profit-earning exists (4). Should the farm or estate permanently cease to give some return on capital it is natural that the investor should look elsewhere for a more profitable investment for his money.

The object of Agricultural Economics is to seek the most efficient means of agricultural production, whereby the greatest profit may accrue to the producer. Its methods are many and varied, including the compilation of agricultural statistics, crop forecasting, studies of world market conditions, and investigations into farming organisations and practice. By ~~his~~ researches the Agricultural Economist

sets out to detect wastages of capital and labour, supplies and manures etc. which may occur in the production processes of any estate or farm. On a broader scale the organisation and general financial condition are revealed. Systems of farming within one producing centre, in different producing centres and in different parts of the world are compared and contrasted. Every step in the production process is examined critically. As a result of his investigations the Agricultural Economist hopes to be in a position to make practical suggestions regarding farming policy, both detailed and general.

The chief methods of Agricultural Economics research are the Cost Accounting Method, and the Survey Method (7). The latter is rapidly gaining favour in many countries. Research by Cost Accounting involves the keeping of elaborate accounts. This fact restricts the number of farming units which can be studied at one time, since many owners or managers of farms and estates have not the necessary time or ability to keep detailed books. The number of estates which it is possible to study is further reduced by the large amount of data accumulated from each one, involving a considerable amount of office work. The chief disadvantages of this system are, then, its high cost, its restricted application, and the elaborate accounts which have to be kept and in which many assumptions are necessary. Good results have^{been} and are being obtained despite its drawbacks, particularly in detecting reasons for abnormally high production costs. Cost Accounting has been described (7) as the "microscopic method" of investigating production problems.