



XIXth IFMA CONGRESS
(The International Farm Management Association)

21-26 July 2013, Warsaw, Poland

Transforming agriculture - between policy, science and the consumer.

Plenary Session 3 (Science)

“What's the point of (Agricultural) Economics?”

David R. Harvey,
SAFRD & CRE



OUTLINE

- ◆ *What's the Problem?*
- ◆ *What does Economics do?*
- ◆ *How does this help?*
- ◆ *Three examples*
- ◆ *Conclusions.*

THE PROBLEM

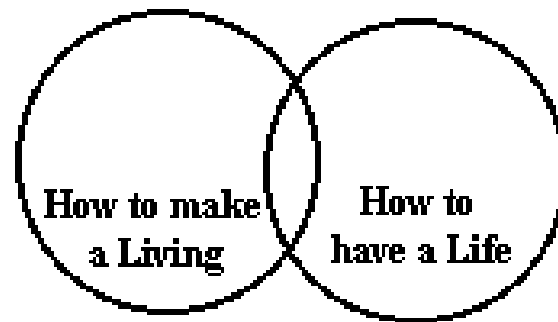
Decline & fall of (agri)-economics

- ◆ *Falling student numbers & courses*
- ◆ *Falling numbers of post-graduate students*
- ◆ *Applied research opportunities either too pedestrian or too complex for rigour (& publications)*
- ◆ *Rigour \neq Relevance*
- ◆ *Management = the future? But the science?*

ECONOMICS RULES OK?

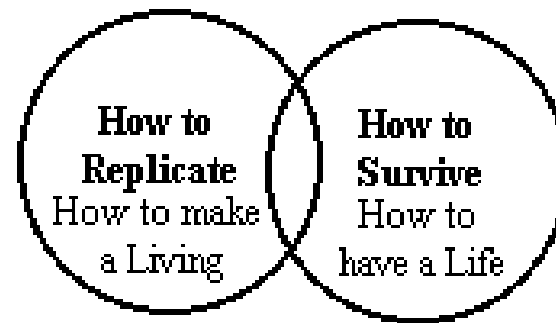
*OR ECONOMICS IS MARGINAL & (SHOULD BE)
MARGINALISED?*

WHAT DOES ECONOMICS DO?



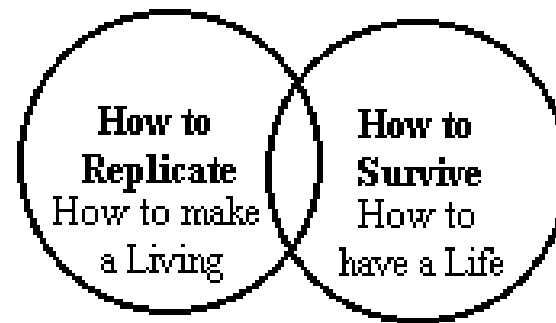
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THE BASIC ECONOMIC PROBLEM IS ESSENTIALLY
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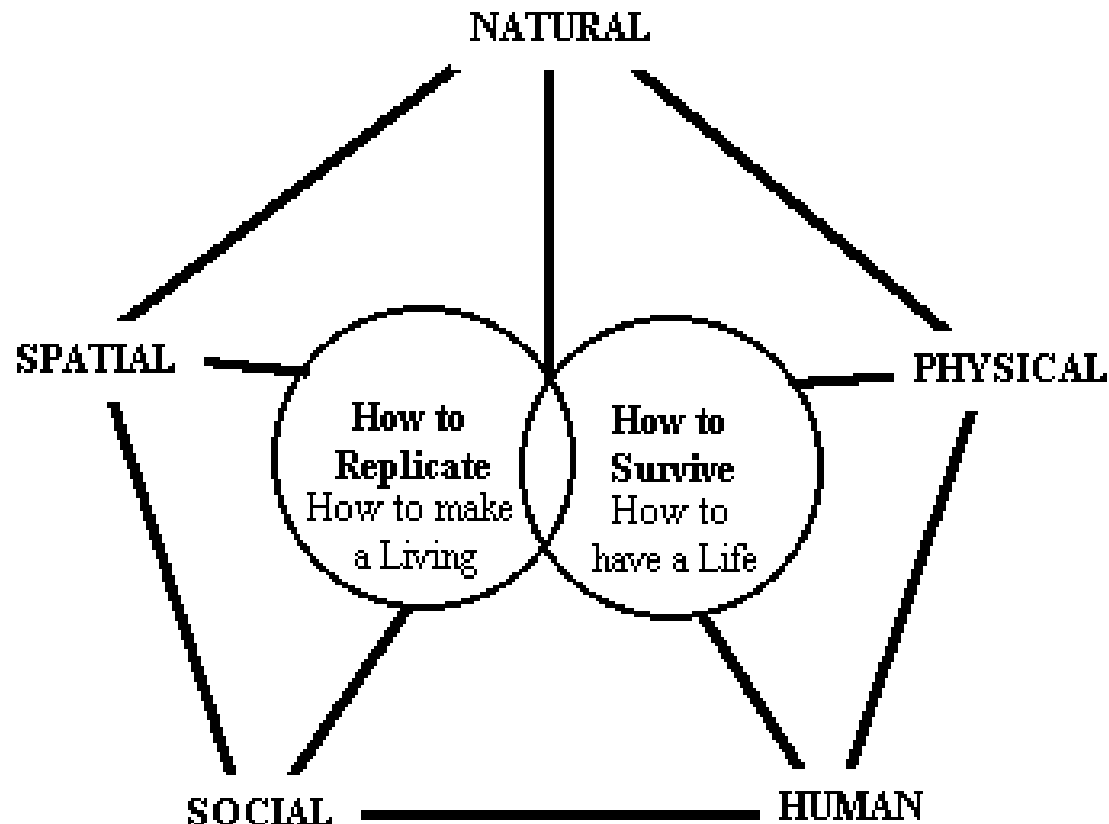
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WHICH ONLY MAKES SENSE WHEN RESOURCES ARE LIMITED:
-> TRADE, DIFFERENTIATION & COMPARATIVE ADVANTAGE

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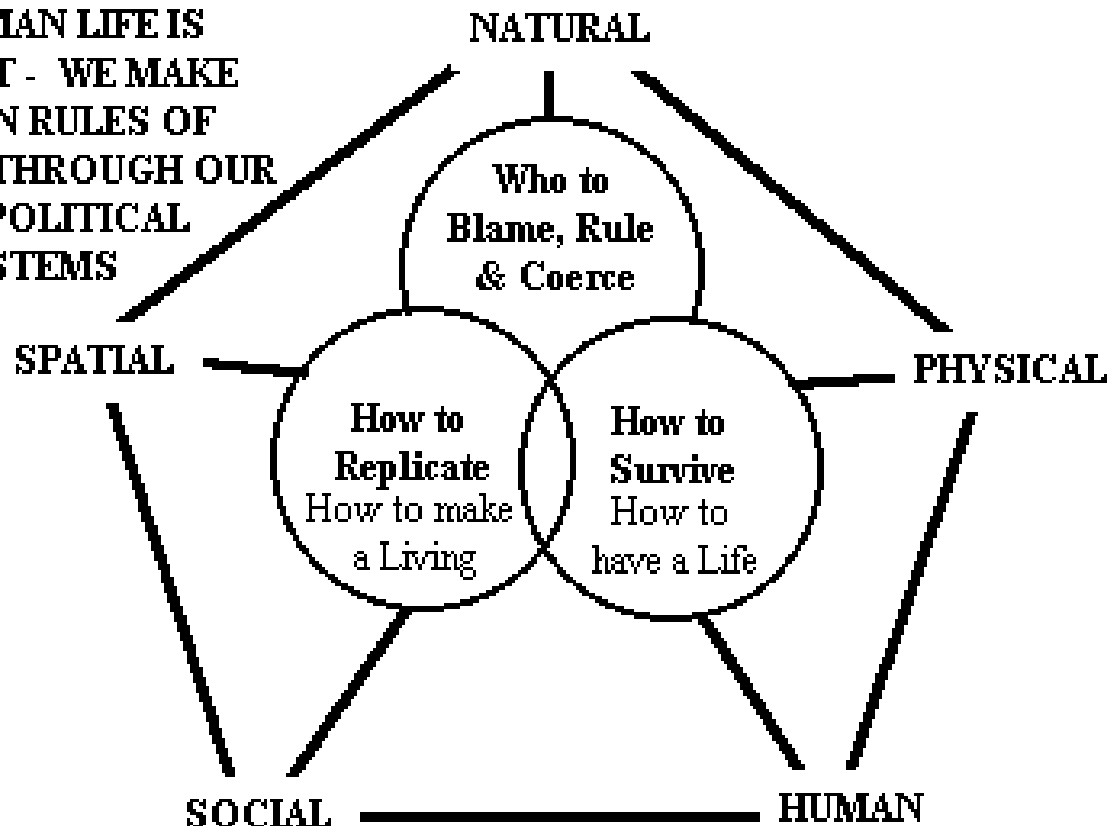


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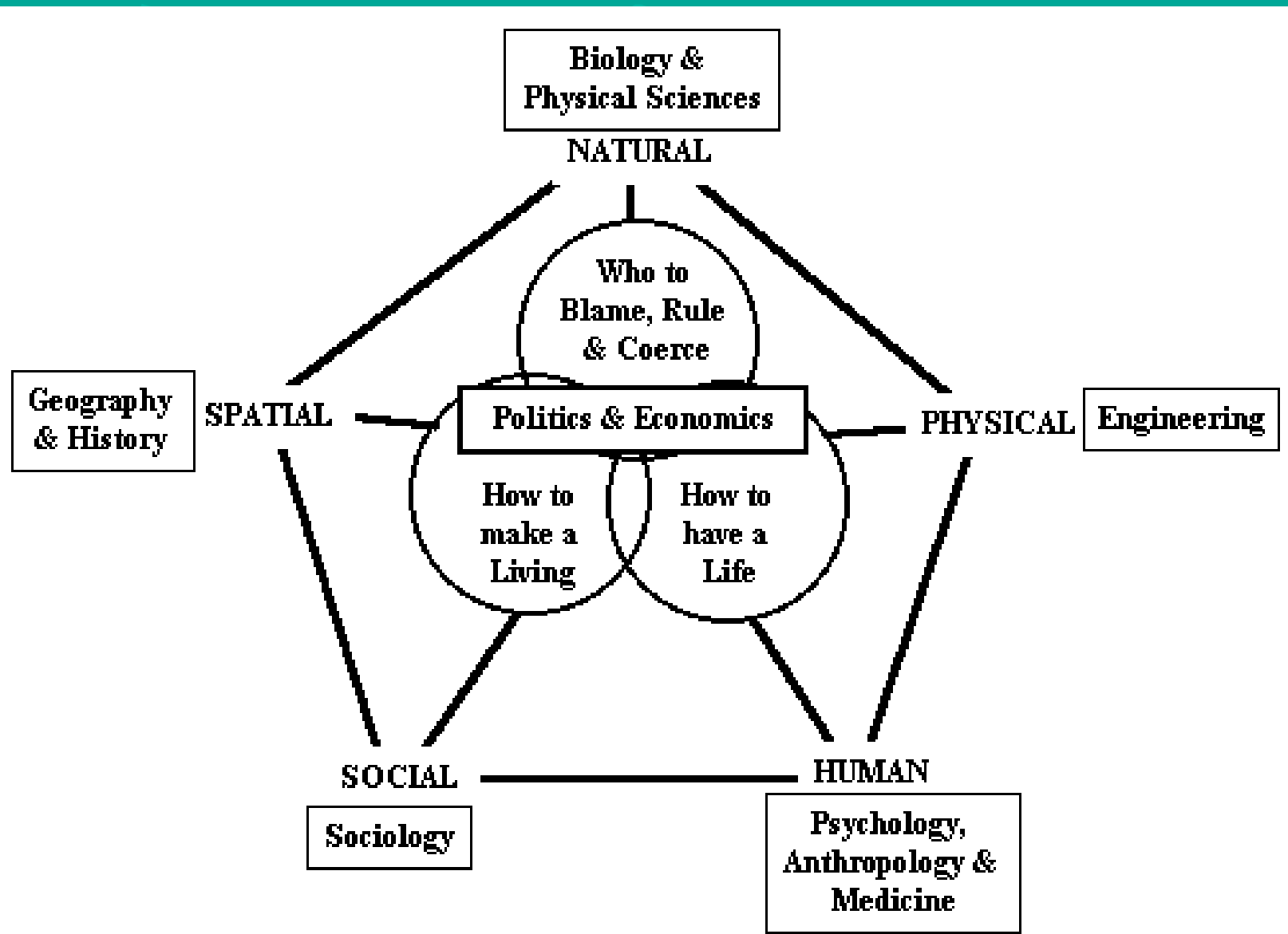
THE BASIC ECONOMIC PROBLEM IS ESSENTIALLY
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BUT HUMAN LIFE IS
DIFFERENT - WE MAKE
OUR OWN RULES OF
SURVIVAL - THROUGH OUR
SOCIO-POLITICAL
SYSTEMS



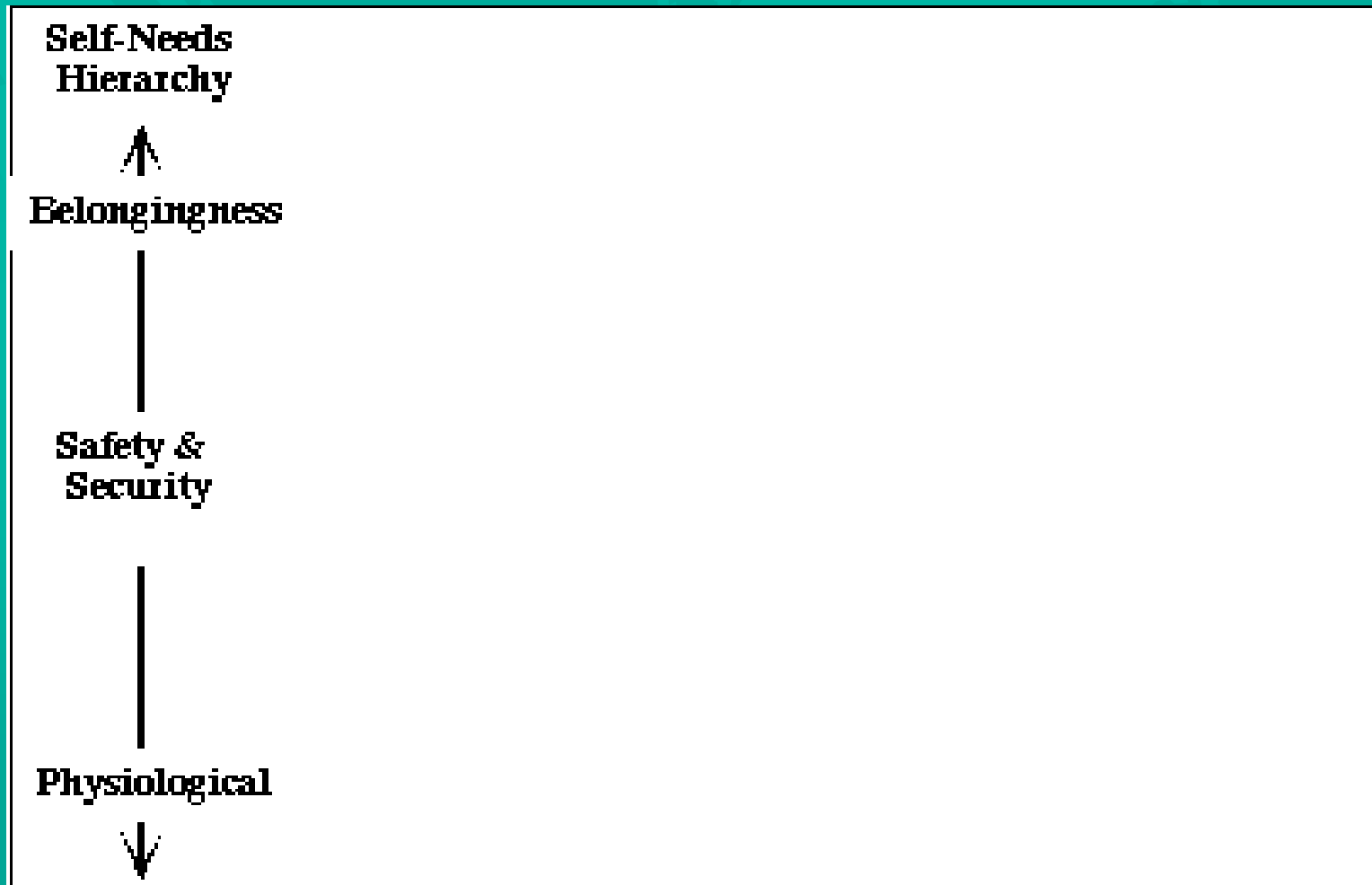
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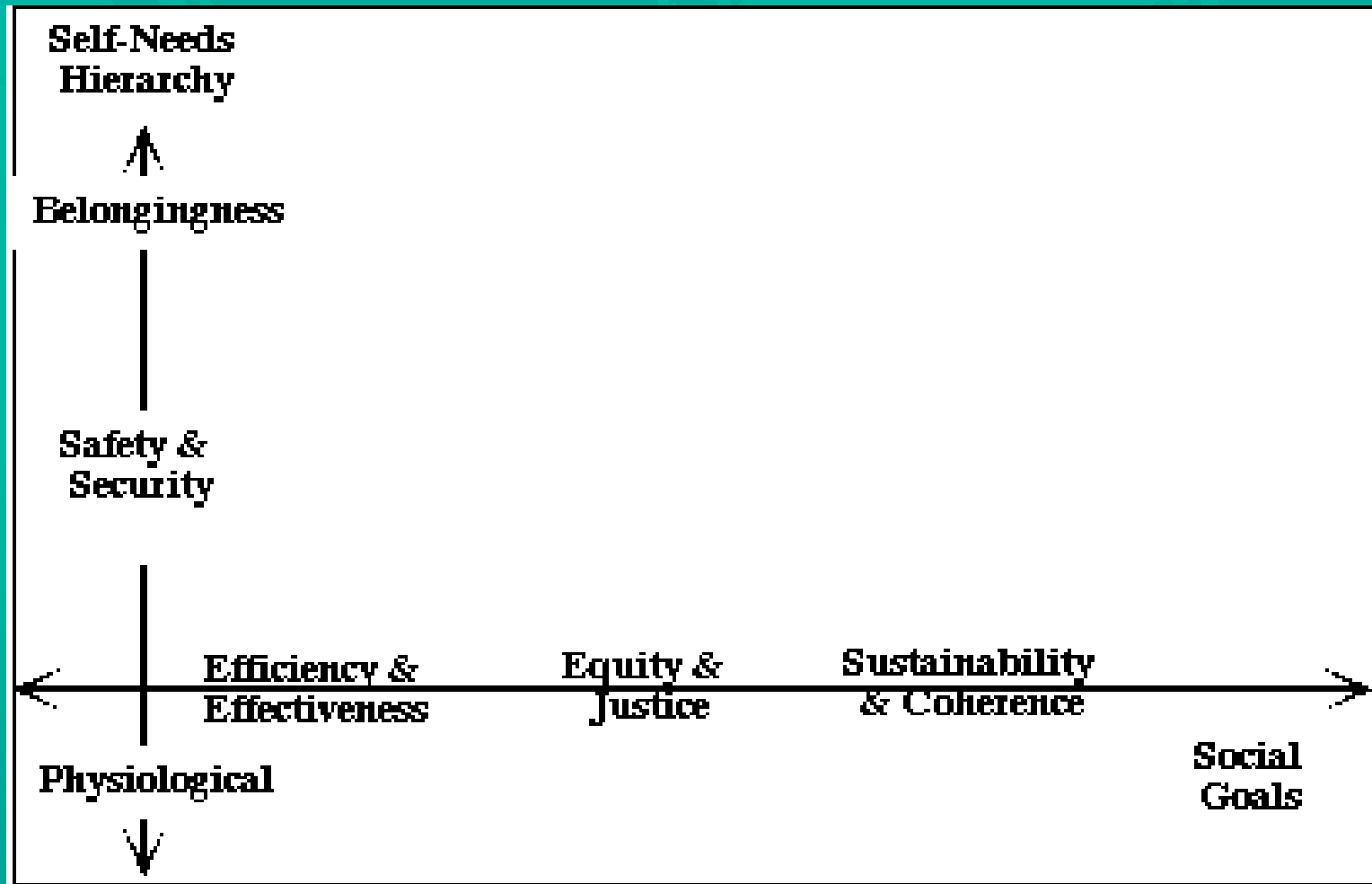
HOW DOES THIS HELP?

Social Behaviour needs to reconcile private



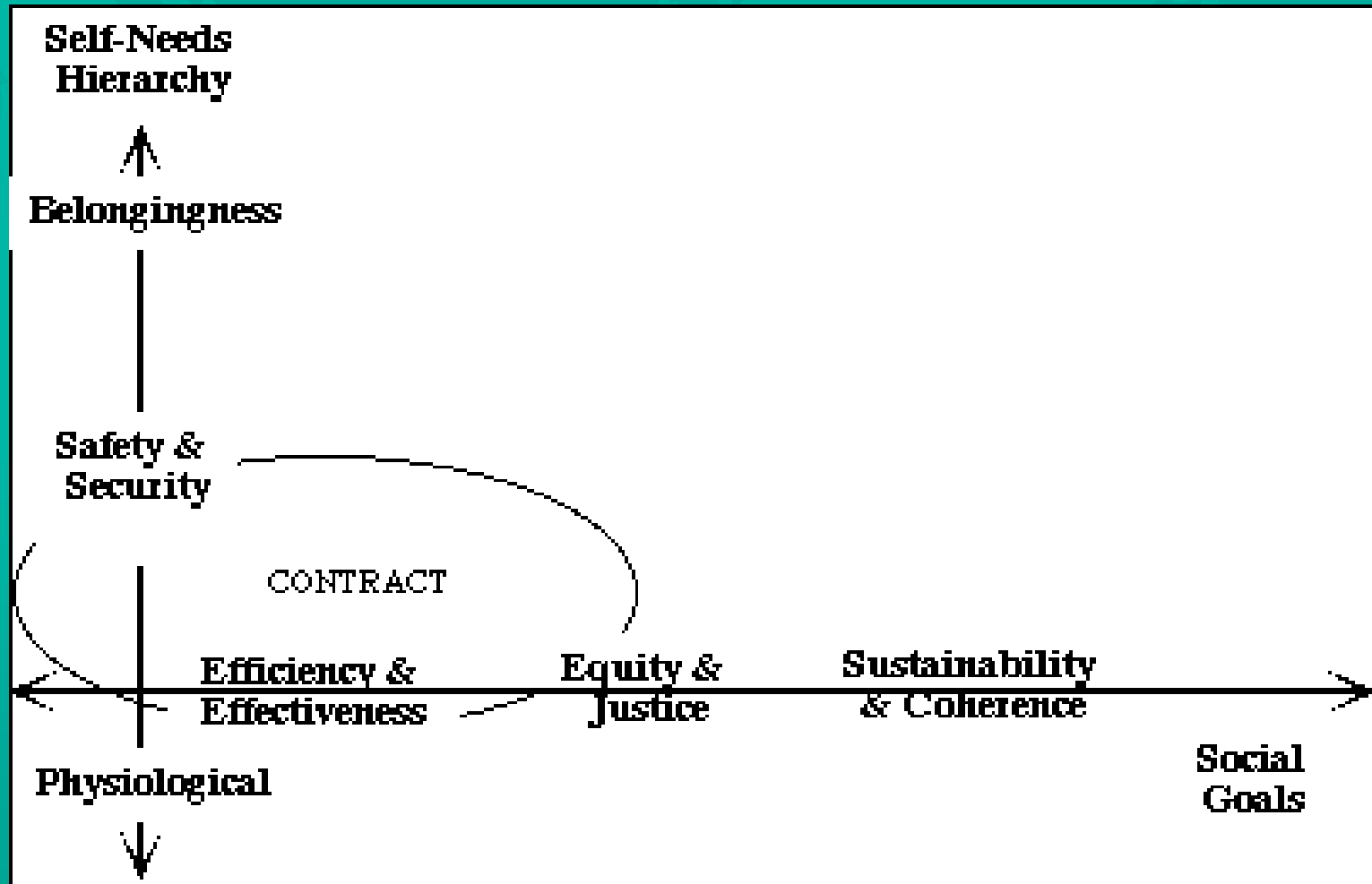
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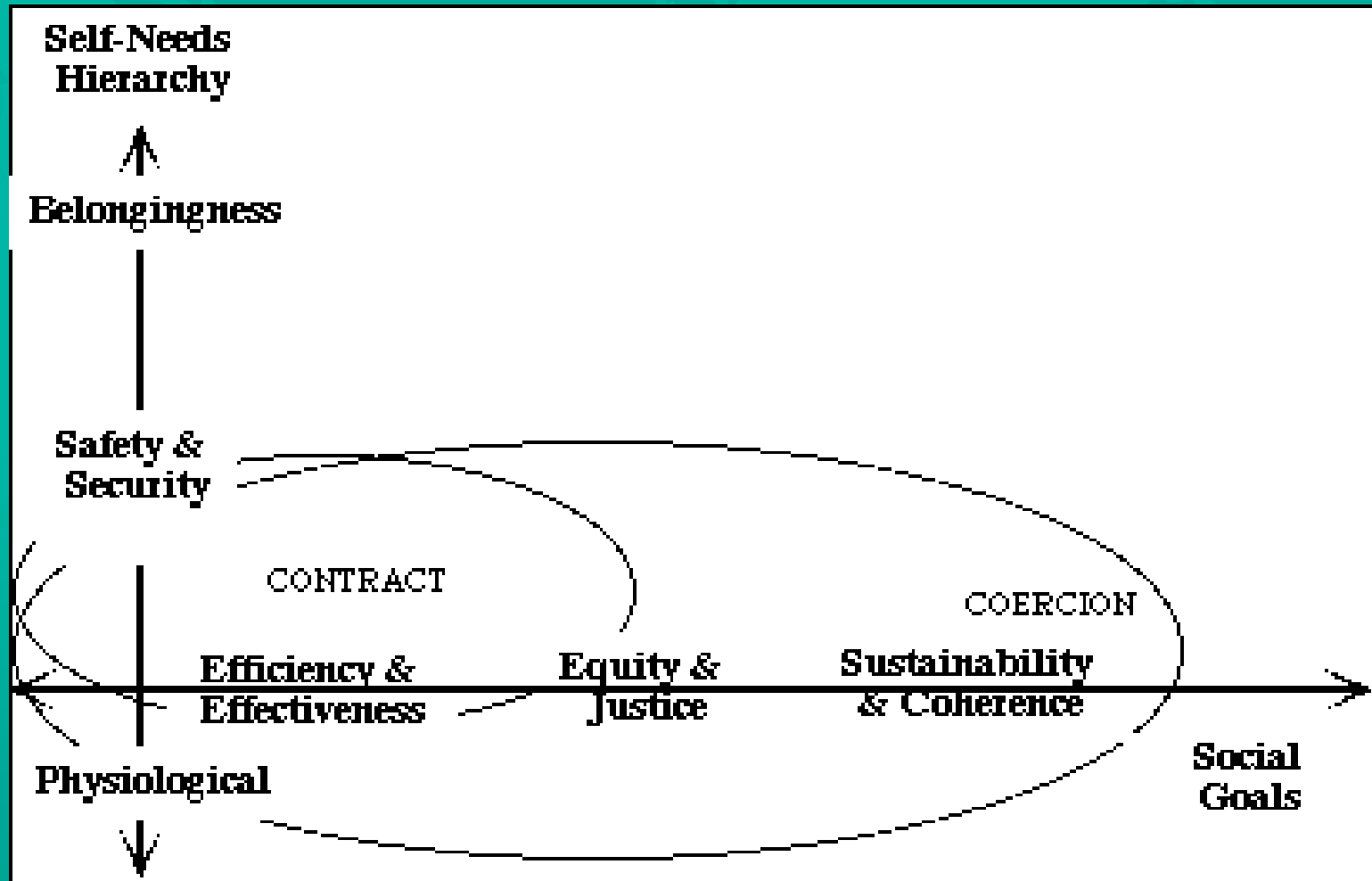
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Social Behaviour needs to reconcile private and public lives:
With Economics being very distinctly limited in its scope.



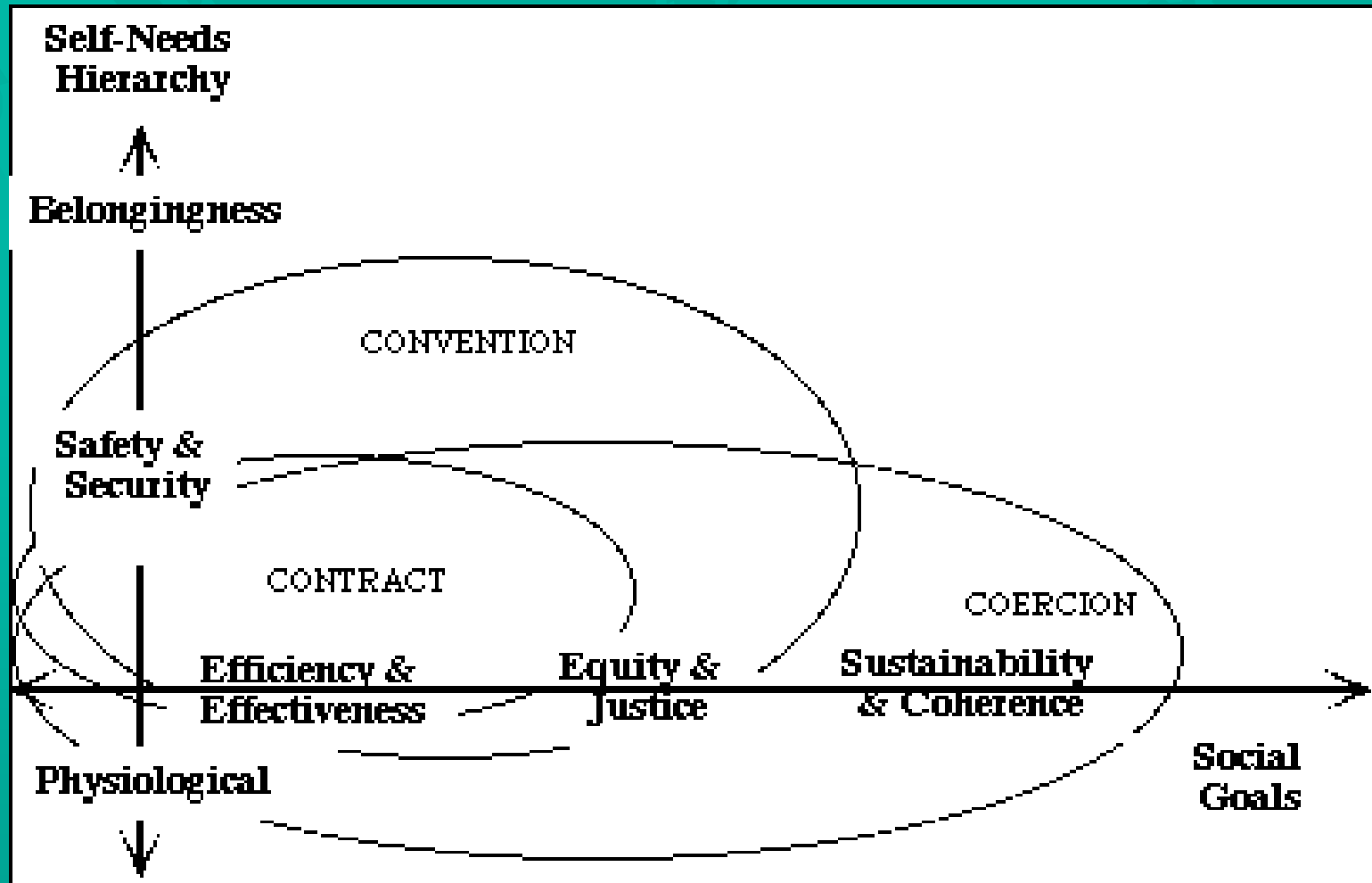
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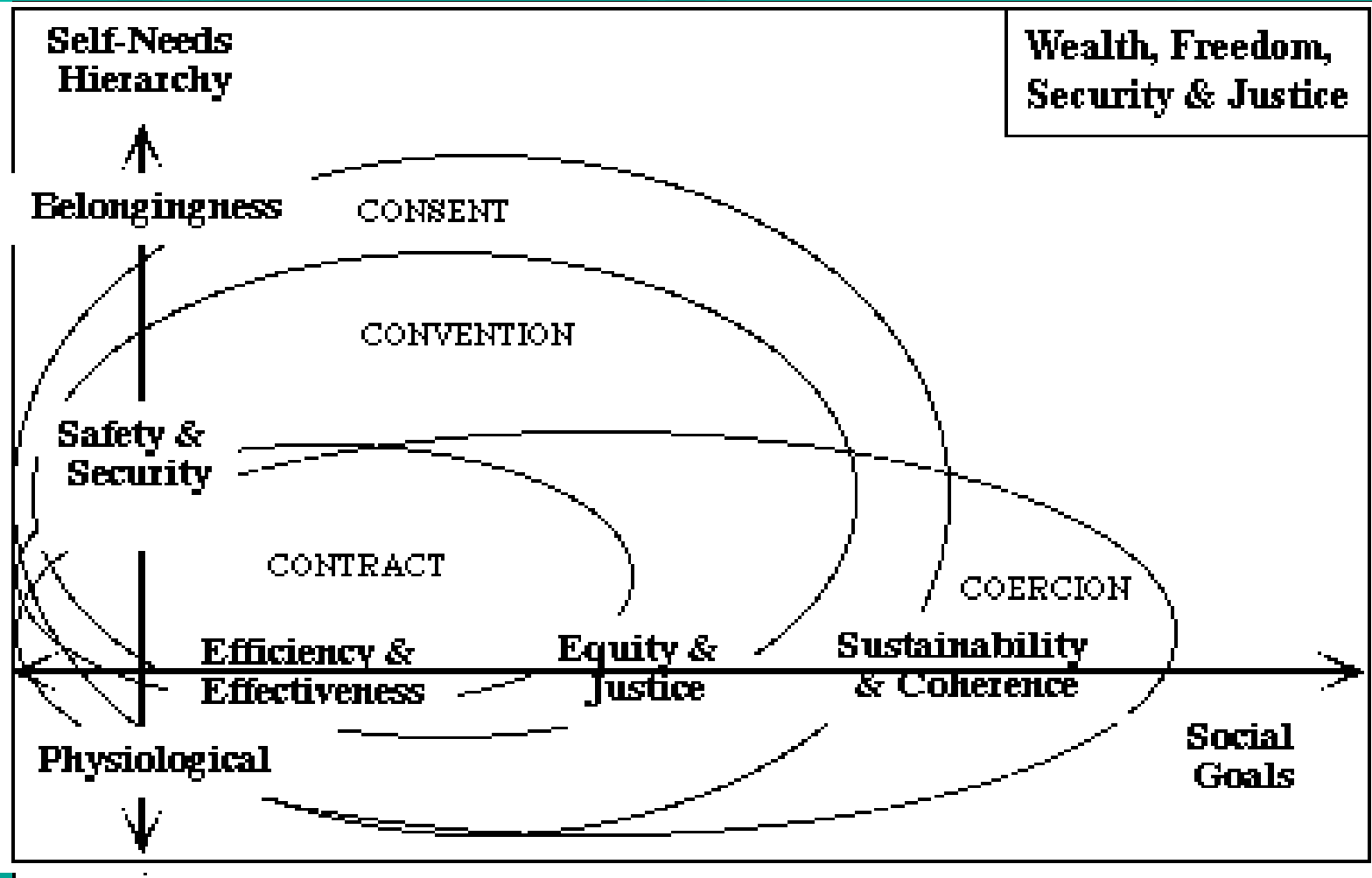
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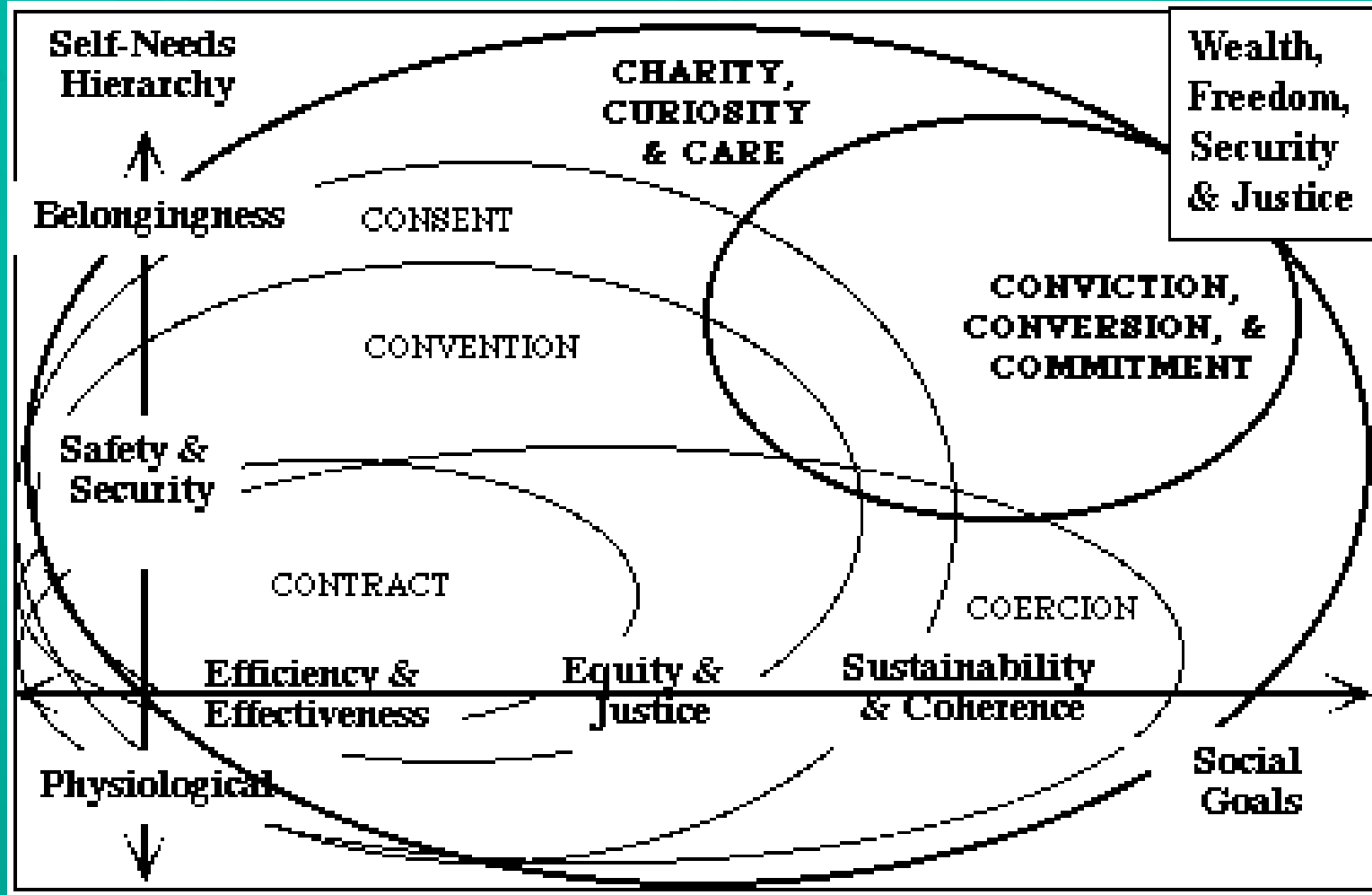
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HOW DOES THIS HELP?

Social Behaviour needs to reconcile private and public lives:
BUT some major institutions are MISSING:



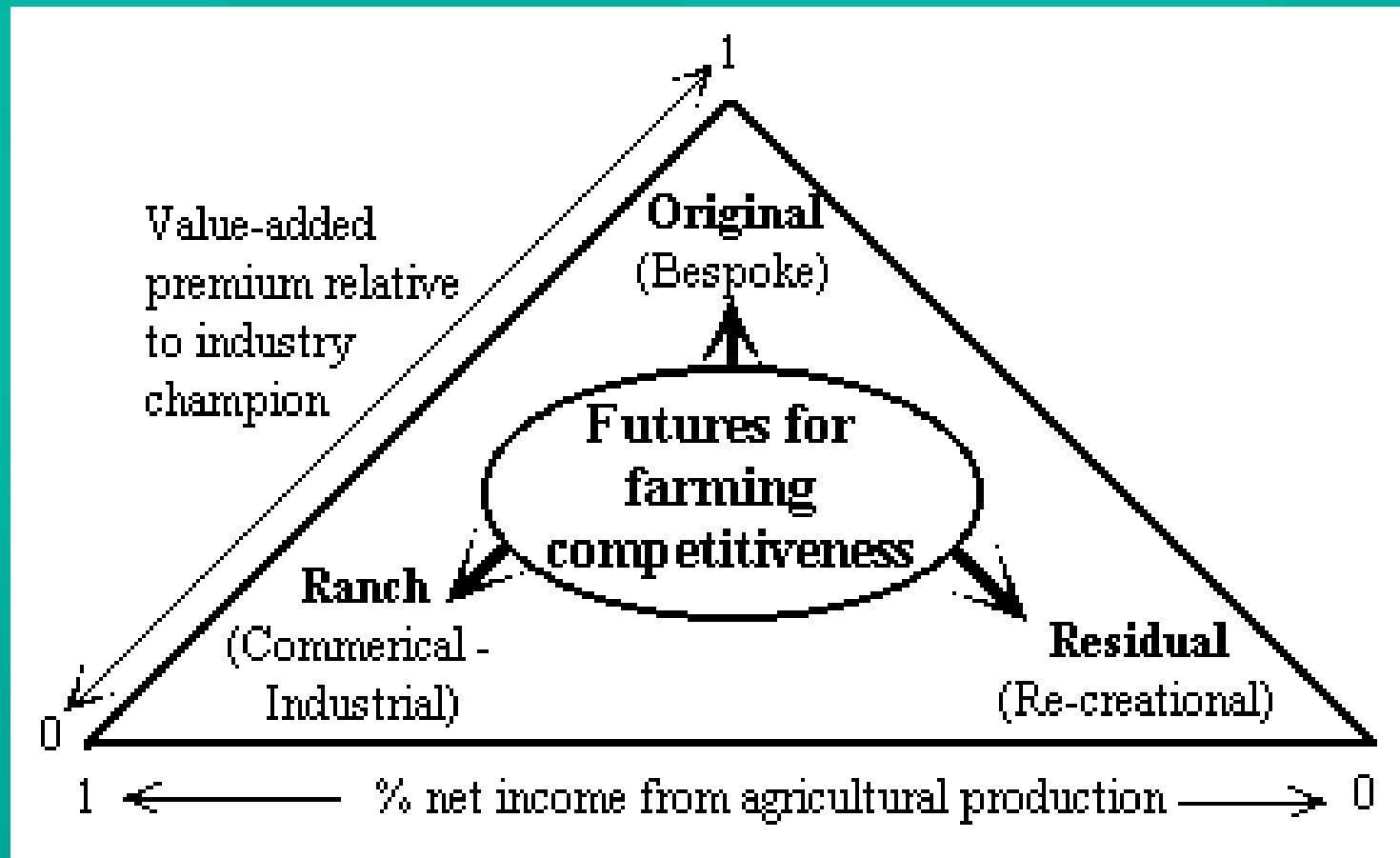
E.g. Management & Marketing

Kay' s Corporate Success depends on:

- Competitive Advantage of products: rare, inimitable, non-substitutable, valuable
- Distinctive Capabilities of supply chain
 - Strategic assets (patents, raw materials etc.)
 - Architecture - Charity?
 - Reputation - Commitment & Care?
 - Innovative Capacity - Curiosity?
 - Corporate Success depends on harnessing these elements into coherent and sustainable whole.

e.g. - the food chain (1)

- Producers Strategic Asset: Location = Originality
- But requires: Innovation; Architecture; Reputation



e.g. - the food chain (2)

- But, what about the power of the supermarkets, especially under free-trade?
- Differentiation in food sector = speciality & bespoke service - not a supermarket
- But a Super Market - franchised store space to craft local/specialist producer-retailer chains, with home cooking services?
- Using the surviving distinctive capabilities of the supermarket - logistics, data accumulation & management, billing & inventory control?
- Why not?

e.g.: The current 'crisis'

- ◆ Capitalism -> divorces ownership from operation & deployment of (physical) capital
- ◆ Capital markets are inherently in perpetual disequilibrium
- ◆ & are virtual rather than real
- ◆ & shave margins from transfers of ownership
- ◆ & enshrine the circularity of capital valuation (reflecting the endogeneity of the selection criteria)
- ✘ Survival of the fattest, not the fittest,
- ✘ with no (limited) supply response to demand shifts

CONCLUSIONS

- ◆ Economics is important,
- ◆ But primitive - survival of the fittest - and we don't tell it well.
- ◆ And we decide, through our remaining transaction systems, what counts as socially responsible and sustainable, rather than simply commercially viable.
- ◆ We need an integrating framework (Dahrendorf's more common story) for our social sciences.
- ◆ This is mine.

WE SHOULD DROP THE AGRI FROM OUR TITLE
AND PRACTICE CULTURAL ECONOMY

- ◆ If you have a better story or framework, please tell me.