

and presentation, sales materials and displays, audio-visual aids, introductions, and menu. The student company experiences all the inherent problems by being directly responsible for a program. The concepts initially developed in communications are further reinforced in Retailing of Agricultural Supplies class.

The use of real experiences in job communications, based on subject matter for which the student recognizes a need, encourages students to achieve communications skills. He is often surprised by his own ability to do well in an English class. Much of the threat generated by previous experiences with English classes is removed. Since the student is secure in his agriculture subject matter, he is able to concentrate on his communications skills – and after all, that combination will earn his living.

#### Possible Projections

1. An institutional research project has been submitted which would send an English instructor to the job location with the agriculture supervisor during the student intern program. Communications skills could be taught, analyzed, and evaluated on the job during the period students most recognize their language skill needs; this method could also provide follow-up and evaluative possibilities for the present program.
2. The student job intern could make 8mm films related to job activities. These could be used in agriculture seminars for job

analysis discussions and in English classes for problem solving and writing job descriptions.

3. A workshop for small agri-business concerns could be jointly sponsored. Several business individuals have expressed an interest in the realistic approach the program takes to business communications.
4. Agriculture and English instructors could be assigned team teaching of at least one block of time to include both field content and communications activities.
5. All communications students could be assigned to English classes by vocational-technical blocks permitting more specific content planning.

#### Conclusion

Project Communications is an effort to develop a program which will serve the non-transfer vocational-technical student. Whether the field is agriculture or some other major field, the student has language skill needs. Each program can, through cooperative planning, provide the student with meaningful communications experiences.

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## ECONOMY OF ABUNDANCE CALLS FOR NEW APPROACHES

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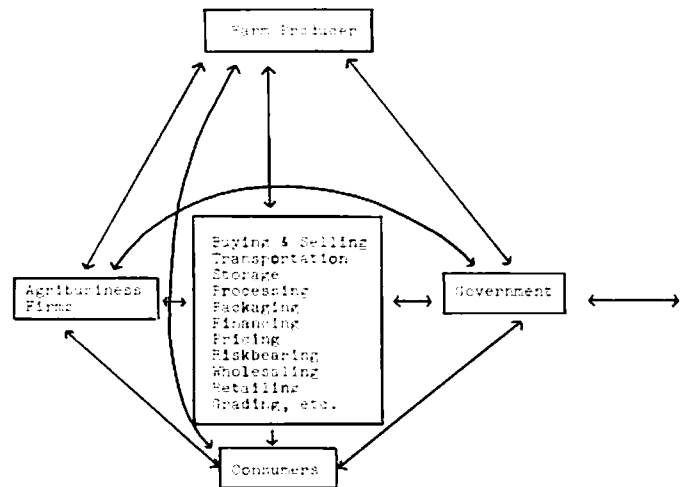
Many textbooks define economics in terms of allocating scarce resources. Smith, Malthus and Ricardo were writing at a time when food and fiber to feed and clothe the peoples of the then more developed countries of the world was limited. The present day marketing and pricing systems in the so-called free market more developed countries of the world were developed within the context of an economics of scarcity. In the more developed economies agriculture has been operating largely in an economy of abundance for the past few decades. In most of the less developed countries certain commodities are produced under an economy of abundance. The economy of abundance is probably defined as those portions of the agricultural sector of the economy in which various income transfer schemes through the federal treasury to agriculture are made while there is a rapid outmovement of people from that agricultural sector and in most cases there is at least an alleged attempt at government production controls.

The classical description of price determination and market performance does not portray what happens. The added contributions of Robinson and Chamberlin still provides an awkward explanation and a theoretical framework that at best is of minimal assistance in providing a better understanding of the market forces that have such a major bearing on agricultural income.

When income maximization may not be the controlling factor in decision making; when discretionary spending may represent a substantial portion of both individual and business budgets; when hazily defined and even more hazily understood objectives are constantly changing; and when the management function in government, industry and other sectors of the economy becomes separated from their constituencies, hence non responsive; then there is need for a re-evaluation of the framework within which the system functions.

There are four principal actors in this complex system: farmers, agri-business firms, government and consumers. The particular role each plays varies by regions, countries and over time. The interdependence of each actor and the relative roles played is shown schematically in figure 1.

Fig. 1. Schematic Interrelationships in Marketing



#### What are the Issues?

**Pricing.** Where there are large numbers of buyers and sellers, where both buyers and sellers have equal information, where there are few barriers to entry and exit, where there are no dominant firms on either side of the market a person could understand the pricing system. However, there may be serious doubt if there was ever a time when such conditions existed. Price determination was and is often only one of a number of transactions that become the final bundle of goods and services under consideration. In some cases both sides of the market are aware, either implicitly or explicitly, of these considerations, in other cases each side of the market may have different non price considerations that may or may not be known by the other side of the market. In other cases the non price considerations may be masked by a number of real or imagined subterfuges.

Frequently, bigness is associated with market power. Depending upon the sources of information and definition of terms a person can show that concentration has been either increasing or decreasing over the past two centuries.

However, there are many good reasons to expect more forward pricing of agricultural products in the decades of the 70's and 80's. This contracting and coordination of production and marketing will lead to specification buying and selling. The contract terms will include many factors in addition to price. It will be increasingly more difficult to compare prices paid or prices received. This has been an important criteria for measuring price discrimination in many types of anti-trust cases.

**Performance guarantees.** In most situations agricultural products were produced, delivered to market, and the farmer received payment upon delivery. This method of marketing frequently implied much uncertainty as to price. "Profit" from the operation depended largely on fortitious price movements. However, as specification buying and selling becomes more widespread and as forward pricing becomes more prevalent "profit" will be determined more by production efficiency and ability to negotiate contract terms.

Forward pricing will necessitate acceptance of the concept of performance guarantees by both buyers and sellers. In the past agri-business firms have taken the approach that farmers should provide some type of "bond" with appropriate penalties to guarantee performance but the other side of the market had no such obligation.

**Environment.** The professional literature and the popular media have devoted much time and space to environmental issues. The finger of shame is pointed to the other person or actor as the guilty party. There must be a more general recognition that all of the actors have a role to play in maintaining and preserving the resources of an economy. There are costs and benefits associated with alternative actions. Under some conditions these will be borne by present actors, under other conditions they will be borne by future generations. In any event, future generations will be "stuck" with the results of past decisions. Under some conditions costs of environmental efforts will be borne by the firm, industry or sector of the economy performing the environmental protection measures under the conditions these costs may be transferred to other sectors. In the past these costs were borne by society in the form of "pollution" and resource waste. In the future fewer of these costs will be permitted to be transferred to future generations through pollution and wasted resources. More of these costs will be borne by society in terms of higher prices and higher taxes.

**Expectations.** Throughout the world there are large sectors of the population who have been bypassed by the result of increased productivity. Improved communications and some education make these sectors of the economy aware of "how the other half lives." They want and expect to be greater participants of this increased affluence. In nearly all countries of the world the income margin between the high and low incomes is becoming greater rather than narrowing. Government stability (internal security) and international peace depend upon these expectations being realistically developed and met.

Distribution of goods and services over the long run can not exceed production of these goods and services. Income transfers (usually taxes) may meet some of this need. But in many areas redistribution of income or wealth would not permit these expectations to materialize unless per capita productivity also increased. However, this economy of abundance must be more concerned with meeting these new demands. Traditional educational approaches do not provide the answer.

**Health Issues (food).** The consumer has more discretionary income which may be spent for food. She can be more demanding as to the quality she expects. This will include more inspections for sanitation of food and facilities, more control over additives at all levels of productions, more protection against fraudulent trade practices, advertising, and accurate weights and measures. Generally, self-policing by various trade and industry groups has not protected the consumer interests. Government will take over more of these functions.

**Health and safety issues (employees).** Increased technology has multiplied the hazards of working conditions while at the same time offering many opportunities for improved comfort. This new society has expressed more concern to protect employees from dangerous machinery, excessive noise, and harmful dusts, chemicals, etc. It was felt industry was unwilling to adjust as rapidly as sound regard for human life would suggest so enforcement of these responsibilities was assumed by government.

**Obsolescence of resources.** In a society where there is large amounts of discretionary spending there will be need for many changes in resource use especially during the time where the change from an economy of scarcity to an economy of abundance is occurring. These types of changes are painful to the actors. Some changes will involve monetary loss, other changes will involve acceptance of new ideas, methods and re-evaluation of value systems. All of these changes are painful and will be resisted by vested interests. Obsolescence of equipment and facilities adds to production costs and deprives an economy of having these goods and services that would tend to optimize quality of life. Obsolescence of processes (production and marketing) leads to inefficiencies in resource use and resource allocation. Probably the most costly obsolescence for a society to bear is people obsolescence. This new society of abundance will demand more goods and service and a better distribution of income and wealth. These demands are incompatible with human obsolescence. Traditional educational programs will not correct this situation.

**Cost of meeting Issues.** Each of the major issues discussed has major price tags. The superficial answers could be listed under such topics as better: housing, schools, nutrition, sanitation, transportation, communication, health services, production and distribution efficiency, child care, retirement conditions, recreation, conservation, etc. However, these programs are proxy variables that represent a holdover from an economy of scarcity. The major costs of meeting these issues are associated with changes in attitudes of people. Types of changes are suggested:

1. value systems - right and wrong, good and bad, etc.
2. attitude toward work.
3. relation between production and consumption.
4. rights and responsibilities of individuals to other individuals and society.
5. respect for property rights.
6. willingness to accept society goals at cost of personal goals.
7. willingness to realistically evaluate cost and benefit from change.

It is recognized that obtaining unanimity on the definition for the above needed changes would be impossible, even obtaining majority agreement would be difficult. However, it is suggested real improvement can come about only when changes in attitude occur. There is little evidence to indicate that present methods are effective in changing basic attitudes.

### Solutions to Problems

The economy of scarcity philosophy of developing a self correcting economic system placed major emphasis on such concepts as marginal analysis and various price and income maximizing models. There was an almost childlike, naive faith in such a system. Primary emphasis has been placed on production economics. Most of the literature is concerned with the producer side of the market. Consumer economics is primarily concerned with adaptation of the standard price theory to consumer decisions and choices.

As the economy of countries becomes more complex the producer and consumer become more separated by distance and time. The various actors in the system become impersonal "theys." Each actor also becomes a number in a machine. This impersonal relationship makes it difficult for actors in one sector to reach other actors within a section. To offset this situation actors in each sector feed information to actors in the other sectors. This then provides the basis for each sector developing solutions to the other sectors' problems, about which their knowledge ill equips to rationally evaluate alternatives. Major efforts must also be put forth by each sector to show why these gratuitous solutions are unworkable. The inability of the actors within a sector to communicate and the lack of meaningful communica-

tion between these bureaucratic non-responsive groups leads to the development of trade associations and other parochial pressure groups to achieve vested interest goals. These have only limited success; government bureaucracy is often more concerned with protecting and expanding a particular agency's jurisdiction than in considering the rights they were established to monitor.

A continuation of these policies leads to an ever more cumbersome complex system. The framework for any needed change is non-existent.

The economy of abundance emphasizes the following necessary ingredients for an effective approach:

1. A primary emphasis on the demand side of the market
2. Increased government participation in market practices to provide the consumer with fair treatment by the various market sectors
3. Responsive communications between the sectors of the economy
4. More consideration to distribution theory and welfare economics
5. Greater emphasis on social consequences of production decisions
6. Greater emphasis on individual rights of the majority rather than the rights of a favored few

### Conclusions

The decision making process in an economy of scarcity placed major emphasis on traditional micro-economics price theory and production economics where some type of profit, income and/or utility maximization was the goal. As the economies of the world have moved toward an economy of scarcity many minor changes were added. These have had about the same level of effectiveness as repairs to a Model T to keep it abreast of the needs of the 1970's.

There are four principal actors involved in the process of providing food and fiber: the farmers, the government, the agri-business firms and the consumers. There are interactions within and between these groups. There are varying degrees of distrust within and between groups.

Frequently effective communication is non-existent. Superficial issues are used to mask the problems. Many social costs have been left for future generations. Increased discretionary income has provided the demand side of the market with new power. Industry self policing has not provided the consumer protection needed. Traditional educational approaches have not provided the means for making the system more effective. There is a need to change attitudes of all four groups of actors.

It is suggested an economy of abundance will place much greater emphasis on:

- (1) value systems, (2) attitude toward work, (3) demand side of the market, (4) more government participation to protect consumers, (5) more responsive communications system, (6) more consideration to distribution and welfare economics, (7) more consideration to social consequences of decisions, and (8) more consideration to the rights of the majority rather than the favored few.

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