This is a revised and expanded edition of a popular textbook on the economics of farm households in developing countries. The second edition retains the same building blocks designed to explore household decision-making in a social context. Key topics are efficiency, risk, time allocation, gender, agrarian contracts, farm size and technical change. For these and other topics household economic behaviour represents the outcome of social interactions within the household, and market interactions outside the household. A new chapter on the environment combines exposition of economic tools not previously covered in the book with examination of household and community decision-making in relation to environmental resources.

The book is designed to be accessible to the non-specialist reader as well as to students of agricultural economics and related topics concerned with agricultural development and agrarian change in developing countries.
Peasant economics
farm households and agrarian development
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Farm Households and Agrarian Development

Frank Ellis
Reader, School of Development Studies, University of East Anglia

Second edition
To Jane, Clare and Josie
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Preface to the first edition

This is a book on the economic analysis of peasant household agricultural production. It is about the ways people in peasant families make use of the resources at their disposal for production, for family survival, and, where possible, for improving the quality of their lives. It is also about the impact of social and economic change on peasant farming.

Some preliminary words are required regarding the level of the book, its aims, its approach, and its structure. The book is designed as a textbook for students of agricultural economics or related disciplines interested in the economics of peasant agriculture, either as part of an undergraduate degree or early in a postgraduate degree. The technical economic content of the book is pitched at a relatively elementary level. This is in part to take account of the often diverse educational backgrounds of students entering postgraduate courses in subjects like rural development, and in part to make the book accessible to the non-specialist reader or to the practitioner wishing to catch up on the topics which it covers.

The economic study of farm families in developing countries has undergone formidable increases in its scope and complexity in recent decades. A bewildering array of theories now exist on household decision making, the working of rural factor markets, paths of technical change, the internal relations of the farm household, and the prospects for peasants in a capitalist world economy. The purpose of this book is to disentangle some of these diverse theories, and to make the connections between them.

The book contains certain underlying ideas which serve to locate and unify the content of its individual chapters. These are summarised briefly here and are amplified at various points throughout the book:

1. *Definition of peasants for economic analysis.* A more specific economic conception of peasants is required than that they are either (i) the same
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as all other farmers, or (ii) the same as the neoclassical profit maximising
firm, or (iii) just small farmers. An economic concept of peasants advanced
in the first chapter of this book is that they are family farmers only partially
integrated into incomplete or imperfect markets. The threefold emphasis
here is on family, on partial engagement in markets, and on the
imperfection of those markets.

2. The household as a unit of analysis. The household as the primary unit
of economic analysis always requires placing in context. The household
is part of a continuum of dimensions of analysis which runs from relations
between people within the household, through the household itself, and
out into the larger economic system. Household economic behaviour
involves interactions between individuals within the household, and
interactions between the household and the wider society. Depending on
the scope and intent of analysis this wider society may be the village, the
region, the country, or the world economy.

3. Women in peasant farm production. The role and contribution of
women to the economic welfare of the peasant farm family remains a
neglected topic in peasant economics. The household as a unit of analysis
tends to obscure the division of tasks between women and men, its impact
on production decisions, and its significance for income distribution within
the home. This book makes some effort to integrate women more fully
into the economic analysis of peasants. This is done in part by emphasising
in relevant places the defects of household theories in this respect, and in
part by an extended chapter focused on the analysis of women in peasant
farm households.

4. Peasant political economy. Important contributions to the under-
standing of peasants and their problems have been made by social scientists
using Marxian theoretical perspectives. These contributions emphasise the
larger social, political, and economic forces acting on farm household
production in a capitalist world economy. They lend to the study of
peasants dimensions of social change which are neglected in pure
neoclassical economic analysis. This book deploys the themes and insights
of Marxian analysis to interpret the wider relevance and limitations of
economic theories of peasant production.

The book is structured in four parts. The first part is designed to provide
the analytical basis for subsequent chapters, and it deals in turn with the
definition of peasants (Chapter 1), the basic neoclassical economics of farm
production (Chapter 2), and an introduction to the Marxian approach to
peasant political economy (Chapter 3).

The content of Chapter 2 is essential for understanding the pure
economic arguments and graphs of later chapters. However, its coverage is introductory and it may be regarded as optional by those readers already familiar with neoclassical production economics. Many agricultural economics students will not be so familiar with the approach set out in Chapter 3, which is relevant for understanding the connections made in later chapters between economic theories of peasant behaviour and the political economy of peasant societies.

The second part of the book sets out and explores five alternative microeconomic theories of peasant household behaviour. These are the profit maximising or efficient peasant theory (Chapter 4), the risk-averse peasant theory (Chapter 5), the drudgery-averse, or Chayanov, peasant theory (Chapter 6), farm household theories based on working factor and output markets (Chapter 7), and sharecropping theories (Chapter 8).

These chapters follow, as far as possible, a common format. This includes revision, where relevant, of underlying economic concepts; a statement of the theory; variants and extensions; empirical validation; policy aspects; and wider perspectives. The balance between these components varies according to their perceived importance for the theories under discussion. This part of the book concludes with a comparative summary of the assumptions, logic, and predictions of the various theories.

The third part of the book is concerned with intra-household economic analysis, and specifically with the analysis of women in the peasant household (Chapter 9). The household level theories of earlier chapters prohibit consideration of economic relations internal to the household, since they assume that the household as a unit maximises a single set of objectives over all its members. Chapter 9 subjects that assumption to critical examination, and introduces several additional concepts required to examine the subordination of women in peasant farm households.

The fourth part of the book extends the household economic analysis in a different direction, namely, farm size and technical change in peasant agriculture. The proposition that there exists an inverse relationship between the area size of farms and economic efficiency is considered (Chapter 10). The next chapter deals with the economic analysis of technical change in agriculture, and its application to farm mechanisation and new crop varieties (Chapter 11). A final chapter provides a summary of some of the main themes and strands of the book (Chapter 12).

This book is called Peasant Economics because it is at heart more of an economics textbook that one of social or political analysis. Nevertheless in the themes which underlie it, in the connections which it makes between different types of analysis, and in its references and aside to larger issues,
Preface to the first edition

it attempts to avoid too economistic an interpretation of peasant farm production. The agricultural economist concerned with the welfare and future prospects of people in farm communities in developing countries needs to be aware of the social and political forces which surround and constrain the application of economic analysis. It is only from such awareness that the limitations of the purely economic can be understood, naive mistakes of economic policy can be avoided, and fully informed debate about the goals and implementation of peasant farm policies can take place.

Acknowledgements

In writing this book I received encouragement and assistance from many people. Special thanks are due to Henry Bernstein for his advice, support and enthusiasm. The early stages of formulation were helped by some penetrating comments by Michael Lipton, as well as comments on early draft chapters by Tony Barnett, Steve Biggs, John Cameron, Chris Edwards, Martin Greeley, John Harriss, and Adam Pain. The complete draft was commented on by Henry Bernstein, John Lingard, and Colin Thirle, and I am indebted to them for the amount of work they put into this task, as well as for putting me straight on errors of theory and aspects requiring clarification. My chapter on women in the peasant household benefited from comments by Kate Young, Annie Whitehead, Sue Walters, Ruth Pearson, and Alison Evans to all of whom I extend my thanks for the trouble they took in reading that chapter. Any errors of analysis or interpretation which, no doubt, different readers will find in the book, remain entirely my responsibility.

The book was completed for publication while I was a Visiting Fellow at the Institute of Development Studies, Sussex University, and I am grateful for the time and facilities which this provided. I wish to express my thanks also to Olivia Graham and Venetia Biggs who provided research assistance at critical stages in the preparation of the draft, and to Barbara Dewing for drawing the graphs. The students in the various courses which I teach on these topics were both the inspiration to write the book in the first place and acted as a testing ground for much of its material. Finally I dedicate this book to my family who have accompanied me in many of my travels to countries with peasant societies, and without whose presence to provide support and relief to the writing I doubt if I ever could have embarked on such an enterprise.

Norwich

February 1987

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Preface to the second edition

The first edition of Peasant Economics was conceived and written in the early- to mid-1980s, an era when topics such as efficiency, risk, farm size, and technical change tended to dominate work on the microeconomics of farm production in developing countries. At that time, empirical studies integrating the production and consumption sides of the farm household were relatively new. Gender and environmental aspects of farm household decision making occupied the fringes of agricultural development theory, rather than the centre ground towards which they have since been moving.

This second edition of the book sets out to incorporate ideas, emphases and insights which have emerged in the intervening period. The same basic format is retained, but bibliographical citations have everywhere been updated, and many sections have been re-written in order to reflect new interpretations. A new chapter on the environment combines exposition of economic tools not previously covered in the book with examination of household and community decision making in relation to environmental resources.

The underlying theme of this edition remains the same as in the first edition. This theme locates the household at the centre of a continuum of analysis, running from the study of intra-household relations, through the household as a unit of economic analysis, and out into the larger society and economy. Household economic behaviour represents the outcome of social interactions within the household, and market interactions outside the household. This approach is able to encompass the currently predominant topics of gender, the environment, agrarian institutions, and the multi-activity nature of farm households.

Many people encouraged me to undertake this second edition and contributed to my understanding of particular topics. I would like to
Preface to the second edition

thank John Hoddinott for his assistance with intra-household economics, and Steve Wiggins and Piers Blaikie for their perceptive and helpful comments on the draft of the chapter on the environment. Others who made useful comments on the environment chapter were Stephen Biggs, Hassan Hakimian, ‘Sam’ Jackson, Michael Kevane, Robin Mearns and Bruce Trotter. Any defects of argument or interpretation on the environment or other topics reflect my own imperfect grasp of the complicated issues they involve.

Norwich
December 1992