In memory of Jack Makeham: the pioneer of Farm Management in Australia

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Introduction

Jack Makeham dominated the Australian farm management landscape for 40 years, from the mid-1950s to the mid-1990s. In the prologue to his second farm management textbook, The Farming Game, Jack Makeham wrote ‘we didn’t call our book ‘The Farming Business’ or ‘The Economic, Technical and Management Aspects of Conducting an Australian Farm Business in the 1980s’. The phrase ‘farming game’ is far more apt. Game can mean: any arrangement or contest intended to furnish sport, to test skill or strength, or simply to try chance; measures planned, schemes pursued; projects organised; having an undaunted spirit; unwilling to admit defeat; full of pluck to be happy; to rejoice; to receive pleasure’ (p.1).

Jack’s analysis of farming in Australia was summed up when he wrote that the major challenges facing today’s farmer are:

(a) how to incorporate new technology profitably into his existing business organisation;
(b) how to be sufficiently flexible, mentally and financially, to adjust his resource management to meet both changed economic circumstances and widely varying climatic conditions (Makeham 1971); and.
(c) start with the farm people and find out what they want to do and what they can do and what they have to work with; understand the technology extremely well; get the economics right – especially the risk; look beyond the farm gate because that’s where many of the rules of the game are set.

These three issues summarise the Makeham’s method of farm management.

This lecture, the inaugural JP Makeham Memorial Lecture, is mainly about the field of study and application known as Farm Management and the seminal intellectual role Jack played in its development. While Jack Makeham the man, the humanist, the humorist, the anti-authoritarian, anti-militarist, the quintessential Australian lout, is unique and someone for the ages, here, let me deal briefly and mainly with some specific topics that loomed large in Makeham Farm Management, and in which Makeham Farm Management loomed large as well.

Ideas and books

Ideas thrilled and motivated Jack Makeham, and he loved writing about them. And, when so doing, Jack was a brilliant, ruthless and vigorous editor. He wrote many books. In 1971 Jack Makeham produced the textbook Farm Management Economics. The objective of this book was to illustrate the application of business management principles and tools to practical farm management. Farm Management Economics was well received in the literature. McFarlane (1972 pp.147-148) concluded:

Those who…..study the principles and follow the procedures set out….could hardly fail to find ways of increasing profits.

MacCallum (1972, pp139-141) noted that Makeham had ‘achieved a very useful combination of the economic and technical aspects directly related to typical current Australian problems’.

Rance (1974, pp. 51-52) commenting on the second edition, described Farm Management Economics as ‘one of the most comprehensive and practical treatments of farm management available today in Australia. Dillon (1978, p. 26) described Makeham’s book quite simply as ‘the best text on farm management yet produced’. Such judgement was only surpassed by Dillon later pronouncing the successor to Farm Management Economics, i.e. The Farming Game, ‘as being encyclopaedic in coverage and a work of genius’ (Dillon 1981).

1 Note that this influence is not over – or anywhere near it. Jack’s latest book, with Bill Malcolm and Vic Wright ‘The Farming Game: Agricultural Management and Marketing’ is to be published in June 2005.

2 Jargon, clichés, passive speech, or other such sins would be vigorously red-inked, often with, in extremely large script, an exasperated ‘Jesus Wept!’.
Whole farm approach and farming systems

Jack Makeham was one of the pioneers of the whole farm approach to farm management analysis. Nevertheless, a reviewer of Jack's second farm management textbook, *The Farming Game*, wrote that the approach in this text was not what was needed – apparently what was needed was a 'farm systems' approach. Of course, what was (and is) touted as 'farm systems' was technical agricultural systems, devoid of humanity or economics or finance or growth or risk or beyond-farm considerations, leading Jack to write that 'farm management may well be farm systems, but farm systems as it is practiced is not farm management'. As Jack would later put it 'the current flavour of the month – Farming Systems Research- makes extravagant claims about it being the integrating 'discipline'. It is my opinion that many proponents of this cause are woolly-brained wankers' (Seminar notes, 1991).

As well as disdain for inter-disciplinarians who had no discipline, scientists and economists who were ‘blinker’d in their world view would deserve, and would receive, forthright feedback from Jack.

**Economics as the core discipline of farm management analysis**

Over the years, occasionally, a few writers about farm management have made the case that economics is the core discipline of farm management analysis (e.g. McConnell and Dillon 1994, Malcolm 2004). Jack never put the position as formally as this, though his text was entitled *Farm Management Economics* (1971), and was farm management economics. Makeham’s Farm Management is farm management economics in all the interdisciplinary glory and intellectual power of economic thinking, well applied. Makeham’s Farm Management encompasses, in a genuinely inclusive manner, all the disciplines important to making decisions about managing farm systems.

**Risk and uncertainty**

The challenges posed by risk and uncertainty excited Jack’s intellect probably more than any other part of farm management.³ How did Jack propose decision-makers deal with risk and uncertainty? Arriving at the Department of Farm Management, UNE during the heyday of Utility Analysis, Jack gave it a good hearing. With colleagues John Dillon and Alan Halter, Jack combined the use of probabilities, expected values, and certainty equivalents and utility analysis in a practical publication 'Best Bet Farm Decisions', UNE Farm Management Guidebook No.6. However, later, in *The Farming Game* (1981) Jack wrote that ‘there have been major difficulties in converting many of the insights of the utility analysts into a form which is usable by either farmers or their advisors. It would seem to us that utility analysis was a well bred horse, which performed encouragingly in the trials. Some of the boys backed it heavily for the big race. It led early, but fell in a hole half-way up the straight. The lads did their brass’ (p.177).

McInerney (1978, p.82) had expressed similar doubts, deploring the ‘unworldiness of trying to deal with the unpredictability of future events by more and more elaborate pre-decision optimization analyses’. Moreover, the age-old concept of risk as a commodity, and the concept of selling unwanted risk to willing buyers, seems to have been missing from the thinking about risk.

The practical approach to handling the difficult reality that the future is unknowable for certain, and yet decisions have to be made about alternative ways of using farm resources in the future, has boiled down to a mix of probabilistic ways of thinking, exploring the sensitivity of key variables, defining a few discrete scenarios and exploring the ramifications for the businesses of each happening, e.g. Good, Most Likely, Poor sets of seasonal and market conditions (scenarios); and defining the levels of performance that have to be achieved by critical variables for the idea to be worthwhile. In sum, probability thinking, expected values, sensitivity testing, scenarios, breakeven analysis, imagining a few futures and selling risk, is where risk has ended up so far, in useful farm management analysis.

**Optimising resource mixes**

Chapter 15 of *Farm Management Economics*, about ‘Mixed Farms’, contains a masterly explanation and demonstration of the technique of linear programming (LP). However, after teaching and using LP for a while, Jack concluded ‘it ain’t what you do but how you do it’ – a conclusion that highlights the importance of the management input, and also a conclusion supported in some ways by work of Jock Anderson and David Pannell that demonstrated the existence of usually quite a number of optimum/near optimum resource mix solutions. Doug Cocks’ (Cocks 1964) ‘creep budgeting’ – essentially partial budgeting - represented a more useful, practical approach to questions of optimizing resource combinations than linear programming. Creep budgeting involved developing full capacity plans in which no enterprise can be increased and then budgeting marginal changes by

³ ‘Remember Ajax’ was a catch-cry. Ajax a great racehorse of the 1940s, once started at 40/1 on - and lost.
substituting enterprises in the system, subject to constraints in the availability of resources and sensitive to diminishing returns to increased intensity and scale. Later, the arrival of the spreadsheet facilitated a fruitful marriage of programming and creep budgeting and partial budgeting and whole farm budgeting approaches.

What made/makes Makeham’s Farm Management different?

How does Makeham Farm Management differ from farm management world-wide? Jack eschewed the approaches that emphasised farm records and accounting that were the realm of the non-economic trained agricultural technologists of the time – emphases which had hitherto characterised farm management in the UK and the US since the 1920s. An influx of New Zealand consultants in the mid-1960s brought farm clubs and the whole farm approach, as well as a discredited method called comparative analysis (Candler and Sargent 1961) that, like farmers’ mortgages, ‘settled down among us and never went away’.

Relatively, a modern feature of so-called farm management analysis is the production of a plethora of partial productivity and financial ratios, as some sort of accounting alchemist’s substitute for proper financial understanding and analysis of expected return on capital, net cash flow before and after debt servicing and growth in equity. In the real world of Australian agriculture, where yields and prices can be anything from one year to the next, and are largely out of control, financial ratios too are all over the place for many combinations of reasons. It’s a brave call to imbue partial productivity and financial ratios with significant meaning – but plenty do so. Not Jack but.

Trained in agricultural science, working as an agronomist, Jack embraced the whole farm approach with characteristic enthusiasm. Jack placed far more overt and specific emphasis on the human and technical aspects of the farm system, in conjunction with the economic way of thinking about the system, than was to be found hitherto (or even today) in the UK and the USA farm management literature. That is, the emphasis on the balance of disciplinary knowledge appropriate to the question at hand, was different, and, for the times, unique. The Makeham emphasis on a balance of disciplines and a few perspectives (the compared with what?) were the secret ingredients.

Makeham’s teaching and communication

Being taught by Jack Makeham was to experience the power of an awesome intellect to explain and impose ideas and concepts onto collective minds. Jack embodied the Ghandian notion of teaching with the heart and soul and mind as one. Jack knew that adults can only concentrate productively for 20-25 minutes, and a break was essential. Further, you can only get 2-3 ideas across in any lecture. Advice to young lecturers was ‘Know your subject’. Still today, any number of Jack’s students who have thrived professionally, unhesitatingly nominate Animal Farm, Crop Farm, Farm Management C and Managerial Extension, and the hugely stimulating, informative and fun-filled ‘learning by doing’ farm visits and case studies, as being the University experiences that formed the foundations of their professional success – not to mention also being among their fondest memories of their University days. Farmers across the country were similarly affected as Jack’s teaching went way beyond academia – for years he conducted TAFE level NSW Rural Youth and taught in farmer short courses. Jack was at his dynamic best when confronted with the rich mixture of stimulation and challenge provided by the most ‘switched on’ and thoughtful farmers.

Makeham’s consulting

After a few years in the Victorian Department of Agriculture, in the early 1960s, Jack left the Department to establish his own consultancy practice, with Bruce Allen. Other talented young agriculturalists were soon recruited as the business grew. These were heady days in agriculture, and consulting, with the ‘Sub and Super’ revolution allied to the whole farm approach, aided by a run of relatively good times in the grazing and broad acre cropping sectors of agriculture.

Jack once wrote that ‘the role of the agricultural advisor/consultant was that of the professional goal adjuster. Sometimes client’s sights had to be raised to vistas unperceived; other times goals and ambitions that far outstripped resource capacity, had to be ’hosed down’. As Jack memorably put it – in the terms of the day - a farmer with 500 drought-prone acres on the edge of the desert, 4

4 Now known as benchmarking, and still a thriving approach despite violating fundamental tenets of production economics and the whole farm approach to farm management.

5 For example, the Marcus Oldham farmer refresher courses of the late 1960s and early 1970s. These courses were rightly famous for their rigorous, frontier content and the academics, consultants and other luminaries who were involved – Dillon, Lloyd, Gruen, Officer et. al.

6 Once, on marking and handing back one farmer’s assignment, the farmer studied closely the muddy, dog-eared, stained and scrappy work that was being returned and, remembering the immaculate piece he had handed in, bewildered, said, ‘This looks like it’s had red wine spilled over it’.

7 Now, still, RBF Allen and Associates, Mortlake
with goals of running a mistress and owning a string of racehorses, may well need some 'goal adjustment'.

**Makeham's Extension**

As an extension practitioner, Jack was masterly. Agricultural extension was a natural component of Makeham's Farm Management that was principally aimed at training farmers and their advisors how to think about farm problems. Jack's first job after University was as an extension agronomist with the Victorian Department of Agriculture. Practical extension quickly became a Makeham's forte. Unhesitatingly eschewing what he referred to as the 'pop sociology' that often confused the extension story, Jack simply applied his innate people and communication skills to the task – and it worked a treat. The secret, of course, was the ability to see things from the farmer's viewpoint. Jack had two favourite quotes that summed up the art of extension:

(a) 'to be a good bullfighter, first you must learn to be a bull' (from Spain); and
(b) 'the elephant driver dreams one thing, the elephant dreams another' (from India).

The following extract from Jack's extension class notes tell much:

'Experts should not adopt the arrogant stance of: 'I am the expert, therefore I know better than you, what is good for you' …….The problem with any university, disciplinary based, training is that you have a view of reality which differs from the people you are trying to 'convince'. You have 'differing frames of reference'. Your aim is to get as much congruence of your clients' frames of reference as is possible so that you are both in agreement on the key issues. You'll never get full agreement ('congruence of reference frames', to use the trade gobbledegook' (Extension notes, 1980s).

**Jack Makeham and the developing world**

Jack worked all over the world – Italy, Iran, Nigeria, Argentina, China, Cook Islands, Western Samoa, Thailand, and Barbados. The unifying thread running through Jack's work all over the world was a deep and abiding love of agriculture and its challenges, – all carried out with the single objective: how to get a bit more from what we have to work with. The lives of students of farming the world over have been deeply enriched and vastly improved by knowing 'Mr Jack'. In Iran in the early 1970s, a letter to Jack reached him in spite of being addressed simply as 'Mr Jack – Iran'. This will surprise no-one who knew Jack.

In his textbook, *The Economics of Tropical Farm Management*, Jack introduced Makeham's Farm Management to operators of small-scale farms and their advisors. He saw no value though in visiting experts who started talking as soon as they got off the plane, nor in the misguided faith in planned economy 'solutions' to resource allocation problems that held much attraction in many of the poor countries in which he worked. 'We use markets because planning is too hard to do well' was Jack's elementary explanation. Jack rejoiced though in the willing entrepreneurial spirits of small farmers and marketers he frequently encountered (Makeham and Abbott 1979).

Apart from his knowledge of and passion for agriculture, and love of ideas, a key to Jack's attraction for people from all over the world was, of course, that Jack's sense of the ridiculous transcended cultures, and people of all cultures recognised this and embraced Jack.

**Beyond the farm gate**

Jack's dealing with farmers in the tough times of the droughts of the late 1960s in South-Eastern Australia; the low income problem in the dairy industry of the late 1960s; and wheat and wool low income problems of the late 1960s and early 1970s, created an acute interest and active involvement in questions of farm policy. Jack co-edited with JP Bird an important book, *Problems of Change in Australian Agriculture*, and conducted a major study into the responses of woolgrowers to low incomes in the early 1970s, publishing *Coping with Change: Agricultural policy in Australia since 1970* (Makeham et al 1979).

Former principal of Marcus Oldham Farm Management College, Mr Ivo Dean, had this to say about 'Coping With Change': 'I found that reading this book was not unlike many conversations I have had with Jack Makeham - sensible, down to earth, brilliant ideas and rather disjointed. But all very readable. It is the first book I have read on agricultural policy that cuts through the myths associated with farming and gets down to the realities of farmer attitudes and reactions and the futility of many of our so-called re-adjustment schemes. The book is of interest to farmers but I fervently hope it is read by leaders of farm organisations and our policy makers.

It is sobering to think back to the attitudes that prevailed at agricultural policy levels during the 1950s and 1960s prior to the subsequent, semi-official, recognition that not every farm business was efficient and nor did they warrant help to stay in the business of their choice; that the biggest
threat to the family farm was the farm next door; and that rural policies often hindered the progress of those farmers best able to use farm resources.

A consistent theme in Jack’s work on Rural Adjustment was the rejection of the traditional ‘prop them up at all costs’ approach to agricultural policy, allied to a strong conviction and advocacy about the need for a change to economically rational responses to the periodic ‘farm crises’. Such change would benefit the best-equipped farmers and the public at large. Later, some farmer organisations have embraced some of these imperatives some of the time.

In Sum…

Throughout Australia, and much of the world, Makeham’s Farm Management helped make known The University of New England. The essence of Jack Makeham’s approach to farm management problems was the applied conviction that farm management was a very human, technical, dynamic, risky and uncertain process, and the theoretical foundations of farm management analyses had to allow fully for all of these angles. The strengths of Jack Makeham’s approach to questions of farm management are:
(i) unrivalled mastery of the technology;
(ii) emphasis on the ‘parish priest’ element;
(iii) incorporation of the important economic and financial aspects in a decision on a thorough and technically sound basis;
(iv) emphasis on the dynamic and risky nature of the management task and on imagining the future(s); and
(v) having a good hard look at what is going on beyond the farm gate.

Some of Jack’s favourite phrases help sum up his approach to farm management: ‘distil the essence’; ‘simplify; ‘simple but not simplistic’; ‘we’re woods-men not trees-men’; and ‘smart thinking, simple sums’. Recently, the Makeham’s Farm Management method has been defined as: ‘a few disciplines, a few perspectives, a few figurings, a few futures’ (see Malcolm 2000).

Varra (De Ru Rustica, 36 BC) contemplating the Nature of Agriculture wrote that these farmers seem to have had two things particularly in view in their farming:
(a) whether the land would yield a fair return for their investment in money and labour, and
(b) whether the situation was healthful or not.

If either of these two elements is lacking, any man who, in spite of that fact, desires to farm, has lost his wits and should be taken in custody by his kinsmen and family. ‘Bloody Beauty’, Jack would say.

References


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