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RECENT AGRICULTURAL EXPERIENCE IN EIRE

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I WOULD like to make a few general remarks of a somewhat personal and general character before attempting to give some of the simpler facts relating to the agricultural experience of my own country in the last six years. I am, as you probably know, primarily a college don—that is, a Fellow of Trinity College, Dublin—but I have also, during much of my life, been active as a popular lecturer in economics. Also, during a certain number of years, just before and just after our recent dispute with Great Britain, I happened to be living in the country and carrying on a small 20-acre farm as a hobby, so that I ‘got a line on’ the agricultural point of view and on the agricultural situation from a very intimate and rather painful personal point of view. That being so, I am a person of multiple personality, and the reaction produced on me by my personal losses, when this beastly economic war deprived me of about £200, was that it turned me into a politician and made me become more active than ever in the matter of public speaking. Generally I criticized the economic policy of our Government, until in the end that brought the unexpected result that I was elected to represent the University in the Senate of Eire. When I speak, therefore, I never quite know which one of my manifold personalities will come to the front, but I rather suspect that the politician is the most on-coming of them.

At the beginning of the economic war I had occasion to take part in a debate in which a minister of our Government was also present. I suggested to him then as a very good idea that I would undertake to teach him and his Government all the economics that they would learn in the course of the economic war. My modest fee was a 1 per cent. commission on the financial saving through learning from my tuition instead of from the harsh experience of the economic war. At a moderate estimate the net loss to Eire from the six years economic war with Britain was some £50,000,000, so that I personally am a creditor of the Government to the extent of £500,000 (1 per cent. on £50,000,000), which debt I propose to exact to the uttermost farthing. Now I regard the allowance which I receive as a senator of Eire as some set-off against that £500,000, and at present the account stands at £499,904 due by the Govern-

ment to me, and I expect that that debt will be completely paid by the time that the British debt to America has also been liquidated!

Now in spite of the fact that the economic policies of our Government at home have been of a kind to turn the hair of economists grey, we have nevertheless maintained most friendly personal relations with the people who are responsible for those policies. One curious proceeding of our Government was that about four years ago they appointed a very strong and very representative Banking Commission to inquire into the whole financial and economic policy of the State. In the course of four years, after a most diligent investigation, that Commission has produced an elaborate and well-documented report which, looked at from my point of view, is the most devastating criticism of the whole economic policy of the Government which established the Commission. It is, I think, altogether to the credit of our Government as a democratic government that it had the curiosity to see what the other fellow might have to say about the kind of policies it furthered.

Generally speaking our national economic policies in the last six years were aimed at producing a condition of economic self-sufficiency. We travelled in the direction of economic self-sufficiency, and we were not alone in seeking to travel in that direction. I rather think that, for a few years at any rate, the United States Government was trying to achieve a position of greater economic self-sufficiency. That reminds me of a story of an American tourist who gave a lift to a west of Ireland peasant who was rather a half-wit, having been a shell-shock victim in the Great War. As the tourist was driving the car pretty fast he turned round presently to Paddy and said: 'Paddy, am I going too fast for you?' To which Paddy replied: 'Sure, Hell to your sowl, amn't I going as fast as you are?' In other words, we were travelling as fast as any country in the world in the direction of self-sufficiency from 1932 to 1938, and we find at the end of that time that the goal we were seeking to approach is unattainable and that our economic future is more dependent on the welfare of our agricultural export activities than ever before, while at the same time our efficiency as an agricultural exporting country has been seriously undermined.

A few facts, then, about our general agricultural position. Half our gainfully occupied population is engaged in one capacity or another in agricultural production. That is to say, about 650,000 of our people are gainfully occupied in agricultural production, of whom about 130,000 only are working for wages; the rest are working on their own or are family workers. Half our population is

employed in agriculture, but in the best of times, and I speak now of about ten years ago, that half obtained only a third of the national income. In the worst of times, which took place between 1932 and 1936, that half obtained less than a quarter of the total national income. Another important fact is that agricultural exports amount normally to half the total output of our agriculture. In other words, as compared with most countries in the world, the export interest of our agriculture is relatively high in proportion to our total agricultural output. Half our agricultural output is normally exported, and only about a sixth of our agricultural output is consumed by the non-agricultural community at home.

Another point which will give you some idea of how we stand in comparison with other countries is that ten or twelve years ago the net output per person occupied in agriculture was in our case somewhere between £90 and £100 per head, as compared with a figure of about £150 in the case of British agriculture. In 1938, after six years of this economic strangulation, the net output per head had fallen from somewhere between £90 and £100 to somewhere between £60 and £70. Another way of looking at the same thing is: There are about 400,000 farm exploitations or farming units in the country, and their output per farm is in the region of £100 a year now. When we were prosperous ten or twelve years ago, it was about £140 or £150 per farm. I notice that the output per farm of United States agriculture is now in the region of £200 per farm, and you call that a depression. If we could get back our output per farm to anything like £150 per farm we would call that almost undreamt of prosperity.

Another point of interest is that the 130,000 people who work for wages are employed by only about 50,000 farm employers. In other words, the number of farm owners who are employers of wage-paid labour is a small proportion of the total number, and their political influence in the country as a whole is less than zero. Wages about ten or twelve years ago averaged about 25 shillings, or \$6, per week. In consequence of the depression and the economic war they fell to 21 shillings a week in 1934 and are now very slightly above 22 shillings. The fact which I have mentioned, the net output per person employed being now somewhere in the region of only £60 or £70 a year, affects decisively the possibility of raising the wages of agricultural labour employed on the larger farms. Clearly you cannot pay agricultural wages which average higher than the total output per person of every one engaged in agricultural production.

In spite of all, the financial and economic system in Eire managed to retain its stability, and there was never any danger that our Irish

pound, which is an independent monetary unit equal to the pound sterling, would lose its parity with sterling. I think one of the reasons for that is that our agriculture was remarkably little financed by external borrowing from any source whatever. The capital value of the wealth invested in agricultural production in respect of stock and farming equipment varies between £70,000,000 and £40,000,000, and you can call the capital value of the land itself and buildings anything you like up to £200,000,000. All that, in the main, is owned by the people who exploit it, so that the extent to which we were dependent on external borrowing for agricultural exploitation was remarkably little. We were able therefore to afford the luxury of an economic war without bringing about a financial crash; it only had the effect of seriously reducing the standard of living, especially of the agricultural population. The indebtedness to banks is only a matter of about £30 per farm, compared with a figure of about £300 or £400 in the case of the United States of America.

The general problem of the relations between agriculture and industry is one of hoary antiquity like the walls of Athenry. If I may interrupt the proceedings in order to tell a story, Athenry is a town having walls going back to the medieval period. It occurred to a local contractor for road-mending that it would be a good idea to use the material from these walls as road metal. He put the suggestion to the local town council, and some member of the town council, more culturally interested in antiquities than others, objected on the grounds of the hoary antiquity of these ancient walls, to which the contractor gravely replied: 'Not at all, that's all nonsense. Any antiquity these walls ever had, they have lost it long ago.' This problem of the relation between agriculture and industry is one of hoary antiquity and has appeared in many forms in different stages of our history. I do not want to go into it in detail now, but I do suggest that, whereas in the eighteenth and the first three-quarters of the nineteenth century the Irish farmer was exploited by an intolerable land system, we now find ourselves in a situation in which urban economic interests have succeeded to the position of the landlord as exploiters of the agricultural interest. In fact, I have gone so far as to say in print that our urban economic and industrial interests are a vampire battenning on the vitals of our decaying agriculture.

That situation is not peculiar to us, and it arises ultimately, as has been pointed out here, from the fact that competition has preserved its reality all too successfully when it is a question of selling agricultural products, whereas monopoly in one form or another has dominated more and more all the economic interests that are

associated with non-agricultural production and commercial distribution. That impact of monopolistic non-agricultural production on competitive agricultural production has the effect of enabling the non-agricultural interests to exploit the agricultural interests. Economic exploitation is essentially a case of the exploiting interests exacting something—a tribute—from the interests which are being exploited. If it were levied by the public powers, it would be called taxation. If there is no other way of getting over that situation of economic exploitation, the state is to my mind justified, not only ethically but economically, in using its taxing power in order to reverse the operation of the economic exploitation. In other words, tax the exploiting interests and use the money to some extent to add to the incomes of the exploited interests. I think that that is only equitable, although regrettable that it should have to be resorted to. It is also necessary to the general economic health that the commercial terms of exchange between agricultural production and non-agricultural production should maintain a healthy position and should be such as to encourage both agriculture and industry to maintain an even uniformity of development and progress.

As I see it now, if agricultural wages and agricultural incomes generally are to rise, it seems necessary to revive the continuous drift of surplus agricultural labour into non-agricultural occupations, because the only possibility of increasing income per head in agriculture, on the assumption of a fairly stable consumption per head of agricultural products, is to have less and less people engaged in producing a uniform or only slightly increasing total volume of agricultural products. In order that labour should flow from agricultural production into industrial production there must be greater flexibility of prices and wages in the non-agricultural activities—greater economic flexibility, greater willingness to absorb labour at slightly lower wages if that is necessary.

The natural instinct of the national state in dealing with a situation of economic disequilibrium is to restrict production, whereas, from the theoretical point of view, the problem really is to adjust the pattern of consumption to the pattern of production. It does not matter, from the point of view of the ultimate balance, whether the adjustment takes the form of changing the pattern of consumption or changing the pattern of production or both. But it does matter, from the point of view of the human interest that is involved, that the state should for preference choose the method of expanding the consumption of things which it is socially desirable should be consumed in increasing quantities, rather than go about trying to cut

out 'surplus' production, whether that production is home production or production from abroad.

The point of view of expanding the consumption of things which it is socially desirable to consume is one which would require a considerable length of time to develop adequately, but I would like to draw your attention to the philosophy of Bishop Berkeley in this connexion. He was an eighteenth-century philosopher and economist who was confronted with essentially the same kind of social and economic problem arising from commercial restrictions in his day as we suffer from in our day. He said in the *Querist* that if our peasants had beef in their bellies and shoes on their feet, would not that be a desirable and eligible situation for the country as a whole, and he protested against the whole economic and social system of his day which, as he said, muzzled the ox which produced agricultural products. Well, we have an economic system which has systematically muzzled the agricultural ox, and one way of solution is to try to readjust consumption in such a way as to secure an expanding consumption of those things which we know it is socially desirable should be produced and consumed in increasing quantities by farmers and non-farmers.

The ultimate solution of our agricultural problem is a transfer of surplus agricultural population to non-agricultural production. But the tragedy is that our various nations, facing the need for that transfer, have adopted methods of industrial protection which have aggravated a scarcity of industrial products in the world as a whole instead of helping to increase the supply of such industrial products in relation to agricultural products. What we seem to need is some technique which will encourage the expansion of non-agricultural economic activity in order to relieve the surplus of agricultural labour and yet will not create scarcity or disarrange the commercial relations between various nations.

Coming now to a more intimate consideration of our special problem of landless men—the question is what attitude the state should follow. Should it attempt to create small holdings for those men, if necessary by confiscating the land of those who own larger holdings, or should it, and this is the policy I would recommend, do what it can to favour the absorption of landless men in employment at good agricultural wages by large holders who are prepared to expand their equipment and, generally speaking, increase their productive efforts? Here briefly is our experience in that connexion.

We have a Land Commission which formerly existed in order to transfer the ownership of the land from an alien land-owning class

to the native tenants. We have now completed that process of transfer, and since 1933 the Land Commission has had the legal power to take possession of any holding whether it has been bought out under former Land Acts or not. In other words, every person with 50 or 100 acres of land or more is liable to have his holding taken possession of by the Land Commission in order to provide 20- or 30-acre holdings for so-called landless men. The effect has been to undermine the value of large holdings as a possible basis of credit and, incidentally, to undermine any tendency which owners of large holdings might have had to expand their capital equipment and to modernize their productive methods.

This particular aspect of the Land Commission's activities has been commented on very severely by the Banking Commission. Up to now the policy followed has been to expand the number of small holdings in a country in which the average size of holding is only 30 acres. In the last eight or ten years 14,000 landless men have been given new holdings at a cost which has meant to the state an addition of eight and a half million pounds to the dead-weight national debt, because every holding thus created involved a free gift of the equivalent of £600 to the person receiving that holding. On the assumption that there are some 80,000 landless men who require provision of some kind, this particular method of providing for their needs would involve the state in an addition to the national debt of £600 multiplied by 80,000. It would amount to £48 million in a country in which the national income does not exceed £150 million a year. In other words, along that line of approach nothing but national bankruptcy confronts us.

On the other hand, if the state, following the advice of the Banking Commission, is prepared to give a square deal to the owners of relatively large farms—the 50,000 people who employ the 130,000 wage-paid workers and who operate holdings of 50 acres or more—I myself see no difficulty whatever in the absorption of additional agricultural labour by those 50,000 employers. I know myself of one 200-acre farm which employs 20 workers. It happens to have 40 milch cows and 2,000 poultry and goes in extensively for cheese-making and so on. The people employed on that farm are better off in every real sense of the term than the typical uneconomic or even the so-called economic landholder who has been given a 20- or 30-acre allotment in any part of the country. Assuming that we really want to improve the position of the agricultural producer in general, whether we call him worker for hire or simply producer, to my mind the best hope of doing so is to strengthen the position

of the large farmers who are prepared in certain events to give good employment to agricultural labourers, and to make it possible for them economically to absorb the 60,000 additional workers who could only be absorbed as uneconomic allotment holders at a terrific cost by way of addition to the national debt. I mention this mainly in order to draw your attention to the existence of that valuable Banking Commission Report which, I think, will one day be recognized as an historic document not unworthy of comparison with the famous Bullion Report of 1810. I would draw your attention to it especially because it contains not only accurately recorded economic facts but a competent analysis of these economic facts, and because it discusses financial and monetary problems with a very intimate consciousness of underlying economic realities and of the human background. I think it is of interest not only to Irish people but to people interested in these problems everywhere.

One final remark. On a former occasion I compared the relation between experts and politicians with the relation that exists between the surgeon who does the operation and the anaesthetist who operates the gas-bag. I represented that the politician's primary function in public life was to keep the gas-bag well down over the head of the patient while his technical expert got on with whatever job of economic surgery was on hand for the time being. I deprecated any attempt on the part of the politician to depart from his special function of operating the gas-bag or to seek to obtain possession of the knife which should be left in the hands of the expert. But I am not quite sure that that is a satisfactory illustration of the relation between the expert economist and the politician. Especially now that I am both economist and politician I would be inclined to say that economists owe a duty to the public not only in the ascertainment of objective truths but in the effort to bring those objective truths before public opinion; in so far as their activity is in the function of 'putting it across', as you say in this country, economists must necessarily be politicians as well. I am not suggesting that economists should rival those politicians who are primarily experts in the art of dope-peddling, but I do suggest that we should try to bring before the public mind the stimulating essences of truth. In so far as we do so, we are performing a valuable function, different in its kind but just as valuable in its way as anything we can achieve by way of being mere truth-seekers. In so far as this Conference is fulfilling that valuable function, I think it is performing a very worthy function not only here but in the world as a whole.