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Editorial.

ORGANISATION IN AGRICULTURE.

Relevant to any examination of food distribution and marketing in Australia is the report of the Committee appointed in 1946 to review the working of the Agricultural Marketing Acts in Great Britain.* The report surveys the developments of the last twenty-five years, showing clearly the main reasons why British agriculture in the between-wars period was subjected to the handicaps of chaotic marketing in which neither consumer nor producer benefited.

There are in Great Britain some 446,000 farms, 346,000 of which comprise less than 100 acres each, 276,000 less than 50 acres, but all capable of growing produce of a quality at least equal to that obtainable from abroad. Until 1939, however, and the adoption of compulsory rationalisation and pool marketing schemes, these "small scattered producer units . . . lacked any coherent production or marketing plan. They had not even the advantage of a reliable and up-to-date market intelligence." The results were that "without organisation they were powerless to emancipate themselves from the scramble of the market."

The report describes some features of this scramble—the inefficiency of 16,000 slaughter-houses and the waste of valuable by-products, the virtual absence of uniform standards and grades of quality and packs, the high costs of marketing and distribution, and the inability of the individual producer to cope with powerful processing, milling, manufacturing, wholesaler and retailer concentrations of power. Generally, "British farmers disliked co-operation and were only prepared to submit to the discipline of marketing schemes in so far as they were rewarded for so doing by protection of their prices from the effect of the bargaining power of organised middlemen or by protection from foreign competitors. Where such protection could be obtained either in the form of subsidies or limitation of foreign supplies without the necessity of setting up a marketing board, producers on the whole preferred to do without a marketing board."

There were other great difficulties in the pre-war period for the British farmer—the precipitous decline in the prices of almost all kinds of agricultural produce from 1930 onwards, and the attraction of the United Kingdom, as the world's greatest food market, to overseas countries all too willing to unload their surplus produce at almost any price. The effects were, of course, an economic conflict in which the home farmer was deeply and indissolubly implicated, and an almost impossible problem for any Government to surmount by subsidies or other means.

* (Ministry of Agriculture and Fisheries. Economic Series No. 48. Report of the Committee appointed to review the working of the Agricultural Marketing Acts. Chairman Lord Lucas. H.M. Stationery Office, 1947).

With the war the position was quickly changed in ways rather similar to those adopted for the Egg Industry, as described elsewhere in the present issue of this Review. It is now the future that has to be planned. The Lucas Committee recommends the establishment of Commodity Commissions and a series of amendments to the British Agricultural Marketing Acts as they stand at present, to further advance the cause of marketing boards.

The relevance of the Lucas report to Australian conditions is to emphasize, if additional evidence is necessary, the importance of organised producer marketing whether through co-operative societies, marketing boards or other channels. Whilst Governments can do much by assistance, advice and the passage of necessary legislation, it is producer self-help and initiative which are the indispensables for material progress in these directions.

SOME ECONOMIC PROBLEMS FACING AGRICULTURE IN THE UNITED STATES.

In 1947 the U.S. Congressional Committees on Agriculture held hearings regarding long-range agricultural policy and programmes. The United States Department of Agriculture, represented by some of its senior officers, presented a number of very interesting tables and reports to the Committees for examination.* Recent developments in American agriculture and possible future problems are dealt with at length and a wealth of factual detail has been made available in these pages to the Congressional Committees and to the interested public. The purpose of this article is to summarise some of the recent developments in U.S. agriculture, to discuss current trends in overall economic thinking, and to examine some of the problems which are considered likely to face U.S. agriculture in the future. Many of these problems are discussed at length in the testimony prepared by the U.S. Department of Agriculture, but others again are only barely mentioned.

U.S. Agriculture During World War II.

In the U.S.A. before the war the relative earnings of persons engaged in farming was only about 40 per cent. of that of persons engaged in other occupations. This indicated a fundamental disequilibrium in the distribution of the working population of the country. Low relative earnings in agriculture were largely a reflection of excessive pressure of population on the land, and consequently under-employment of the rural labour force.

To maintain equilibrium in the distribution and hence the earnings of the working population in an expanding economy like the U.S.A., it is to be expected that the proportion of the population engaged in agriculture would decline. The main reason for this is that in a country with a relatively high and increasing

* U.S.D.A. Testimony Proposing Long Range Agricultural Policy and Programmes.