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**BOOK NOTES.**

**European Agriculture—a Statement of Problems.**—Joint Report of the Secretariats of the United Nations Economic Commission for Europe and the Food and Agriculture Organization of the United Nations, Geneva, 1954. Pp. vii, 83 (Provisional Edition).

This new study of the problems of European agriculture provides, without doubt, one of the best discussions of this subject which has been published in English for many years. The treatment is lucid, precise and detailed—yet not so detailed as to obscure the overall picture.

The main thread linking the discussion of the different problems of agriculture is the need for an increase in the efficiency of agricultural production in most European countries and of the obstacles, posed by nature and man-made institutions, which make progress in this direction difficult.

The report is sub-divided into five chapters. The first chapter deals with the main factors influencing the productivity of European agriculture. The changes in productivity per unit of labour and per unit of land since the 'thirties are described. Generally the picture is one of very uneven development. Increases in productivity per labour unit (and per unit land area) have been largest in the more industrialized countries of north-western Europe where agricultural productivity was already above average in the pre-war period.

Apart from the United Kingdom and Denmark, every European country is plagued with an excessive number of very small-scale farm enterprises which cannot provide full-time work for the family labour force for more than a few months of the year. Structural unemployment of this kind is a very serious defect of the agricultural economy of Europe. A recent Belgian enquiry suggested a labour surplus of 50 per cent. on the smaller farms and 20 per cent. on average-sized farms in that country. For Greece a pre-war enquiry estimated the labour surplus to be as high as 57 per cent., and figures of a similar order of magnitude apply in the Italian and Iberian peninsulas.

In addition, many European countries could improve the effectiveness of their rural labour force and increase total agricultural output by dealing with the waste of resources caused by the fragmentation of farms. Estimates of the area in need of consolidation total about 165,000,000 acres or one-third of the agricultural area of Europe, excluding the Soviet Union. The disadvantages of fragmentation include the waste of labour and draught power entailed and the waste of land on many boundary lines; furthermore, work cannot be organized as rationally while weed control and the use of improved seed are hampered.

The second section of the report deals with levels of food consumption in Europe and attempts to estimate rough values for price and income elasticities for various foodstuffs. By means of these tentative calculations it is suggested that in north-western Europe the price of animal products is likely to decline steadily unless this is counter-balanced by an exceptionally rapid and sustained growth in national income. This, incidentally, is a very disturbing conclusion for those Australian farming industries, such as dairying, beef and fat lambs, which specialize in exporting such products.

Chapters 3 and 4 summarize the development of agricultural policies in western Europe and in the Soviet block respectively, in an informative and objective fashion.

The final chapter deals with international trade in agricultural products, and here again the trends which have developed over the years are very discouraging for Australia. "In spite of the growth of population in Europe, the improvement of standards of living in much of the area and the further development of international transportation facilities . . . the volume of foreign trade of European countries in agricultural products is now substantially smaller than it was twenty-five years ago" (p.66). This decline is largely attributable to trade restrictions.

The only major exception to this trend is the United Kingdom whose agricultural imports are larger now than in the 'twenties, in spite of the protection and growth of its own agricultural production.

The efforts which have been made since the war to reverse or slow down this drift towards autarky have not, so far, been very significant. Furthermore, the exceptionally good 1953 harvests in nearly all European countries have given rise to vocal demands for further import restrictions in some western European countries and several governments have already taken steps to reduce imports.

Plans by many western European nations for the next two to three years envisage increases in agricultural exports, but none of these countries anticipate any increase in agricultural imports.

"If account is taken of the fairly slow rise in population, the low income elasticities for food in all the more-developed countries in the area, and the large improvements that can still be expected in fodder production and feeding methods and in yields of both crops and livestock, it would seem that full self-sufficiency in all food stuffs, save those of tropical origin, would be no impossibility for all except a few western European countries within a fairly short period of years, perhaps even the next decade" (p.72).

The report concludes with a warning of the growing difficulties which food exporting countries are likely to experience in trading on the continent of Europe unless present trends towards dumping on the part of food exporters and protection by the food importing nations are reconciled.

"Any significant modification of agricultural protection designed to ensure more stable trading conditions would require not only changes in policies affecting imports, but also a certain discipline with respect to exports. Already several European countries are disposing of surplus stock by exporting at prices below those ruling on their home markets, and the large increase contemplated in sales of American farm surpluses at very low prices confronts Governments, both in importing and in exporting countries, with a serious dilemma. Unless present price support systems are thoroughly revised, such practices may well become more and more widespread and constitute such a disturbance to agricultural production as to make it impossible for importing countries to abandon or reform their quota systems or to reduce their tariffs, while the position of exporters—even those who are most efficient and competitive—will become increasingly precarious. These circumstances

make it increasingly urgent that present agricultural developments and policies be taken up for international discussion in order to find ways of creating more stable conditions for agricultural production and trade" (p.79).

**Resource Conservation—Economics and Policies.**—S. V. Ciriacy-Wantrup, University of California Press, Berkeley and Los Angeles, 1952. Pp. 395. \$6.50.

In this comprehensive book Professor Ciriacy-Wantrup's main purpose is to show how a wide range of factors, including changing economic and political conditions, affect conservation. In view of the fact that discussion of conservation is very often confined to the mere techniques of achieving it, he has performed a service in drawing attention to the complex nature of the problem.

The book will doubtless be "valuable to many groups with varying backgrounds and interests" (as claimed on the dustcover), but it is a pity that clarity and conciseness have been sacrificed in order to reach a wide audience. There is a great deal of very good material in the book, but it is not easy reading. The author invites readers not trained in economics to pass over certain sections, but a more satisfying method would seem to be to make the whole book understandable to non-economists as well as economists. A first step in this direction would be the elimination of the jargon with which the book is overburdened.

Conservation is defined in terms of "changes in the intertemporal distribution of use." In other words, time distributions of use should be kept in mind when discussing conservation. The way a farmer manages his property *now* influences the income he will be able to derive from his land in the future.

The influence of uncertainty on conservation practices is discussed in various parts of the book. For instance, the author expresses the view that price supports are less efficient for promoting conservation than are income subsidies. He argues that farmers are not sure about the permanence of price supports because they are likely to be withdrawn by political changes, and this uncertainty leads to exploitation of resources while the guarantee exists. The author agrees that changes in prices are likely to affect farmers' conservation practices, but he considers a clearer picture can be obtained by considering the effects of changes in farm incomes. Not all farmers are affected in the same way by falling incomes; those struggling to make ends meet may be forced to reduce conservation practices while those in a better position to start with may not make any changes. Thus it is often harder for men on small farms to carry out the practices they regard as desirable from a long-term point of view. Men on larger holdings are more easily able to maintain their incomes without depleting resources when prices are low than are operators of small farms. Conversely, high farm incomes may be expected to give a greater impetus to conservation on small farms.

Professor Ciriacy-Wantrup points out that the tendency to classify crops as "conserving" or "depleting" leads to confusion, as the same crop may be "conserving" in some circumstances and "depleting" in others, depending upon its place in the farm organization. For example,

wheat may be regarded as soil depleting if grown continuously in the same paddock but conserving when grown with other crops, or as the basis of a more diversified livestock programme. Similarly, sheep may be regarded as "conserving" when run in association with wheat cropping, but they could lead to "depletion" by over-stocking.

Possibly the greatest value of Professor Ciriacy-Wantrup's work lies in its scientific approach to the subject. He is critical of the loose and superficial thinking that is all too common with respect to conservation, and he strives to provide the basis for a clearer understanding of the use of resources.

**Commodity Trade and Economic Development.**—United Nations, Department of Economic Affairs, New York, 1953. Pp. vii, 102. 6s. 3d. (Aust.).

This report was prepared by a group of five economists appointed by the United Nations Secretary-General in accordance with a resolution adopted by the Economic and Social Council. It deals with the main problems facing the economic development of under-developed countries as the result of the instability of world commodity markets. Briefly, the problem for these countries is that they are forced to rely upon their current export earnings to finance development plans as well as essential consumer imports. Thus, violent short-term price fluctuations in such internationally traded primary products as rubber, tin, jute and tea have serious repercussions on plans for development in countries such as Ceylon, Malaya, Indonesia and India. Attempts to stabilize these markets are therefore vital to the countries concerned.

Australia has experienced similar problems of sudden price changes in wool with their resulting effects on the balance of payments and the local level of monetary demand. However, in the case of Australia, the existence of other sources of developmental funds makes these fluctuations much less serious, inconvenient as they may be.

The main section of the report examines the measures designed to secure stability of the international commodity markets. Commodity stabilization schemes which have operated since the 'thirties are discussed briefly. Although there has been no lack of proposals in the past, they have not, as yet, led to any significant stabilization of international commodity prices. A clear and objective, if somewhat brief, account is given of the possible varieties of commodity agreements. Bilateral and multilateral contracts, international buffer stocks and international quota agreements, are the main types of commodity agreements considered.

International commodity agreements suffer from the fact that they are not legally enforceable and the group concludes it is unlikely, judging from past experience, that such agreements can provide the degree of stability best suited to the economic advancement of the under-developed countries. Multi-commodity agreements, such as multi-commodity buffer stocks, may be of more value, but the financial resources needed to implement plans of this kind are so great as to make such schemes extremely doubtful ventures. Counter-cyclical lending and temporary compensatory payments to under-developed countries (in the event of changes in terms of trade) are also considered by the group. However, here again, it is unlikely that the major lending countries would be willing to participate in such agreements.

The general conclusion reached by the group is that commodity agreements cannot solve the problem of price instability for internationally traded primary products. The methods adopted in the past, and those in use at present, have a definite but limited value. They are essentially piecemeal and cannot solve the problems posed by the great shifts in the demand for different primary products which the world has witnessed since 1929. A reduction in these fluctuations will only be achieved by fiscal measures designed to stabilize aggregate demand in the chief industrial nations of the world.

The book recommends the establishment of an inter-governmental commission, a Trade Stabilization Commission. It is envisaged that such an organization would make recommendations on proposals for stabilization and would give appropriate advice on inter-governmental action. However, it seems unlikely that the proposed commission could take effective action in a world subject to considerable fluctuations in defence expenditure, and its application to the current political scene therefore appears doubtful. Nevertheless, the report serves a useful purpose in setting out and analysing some of the problems resulting from short-term fluctuations in international commodity markets.

**Rural Progress Through Co-operatives.**—United Nations, Department of Economic Affairs, New York, 1954. Pp. vii, 112. 6s. 3d. (Aust.).

Prepared by the United Nations Economic and Social Council in collaboration with the Food and Agriculture Organization and the International Labour Organization, this report provides a detailed examination of the place of voluntary co-operative associations in agricultural development.

In the early chapters the report discusses the “means of agricultural progress” which are capable of improvement through rural co-operatives. Apart from the well-known functions of co-operatives in safeguarding their members’ interests in the buying of farm requisites, and the selling of farm products, it is suggested that such subjects as the provision of cheaper credit and of technical knowledge and improvements in land tenure provide suitable fields of activity for agricultural co-operation.

Whilst voluntary co-operative movements may have certain unique advantages, the report emphasizes that they are not the only institutions capable of playing a valuable role in stimulating agricultural and social advancement. There must be close association between co-operatives and other private and governmental bodies. This is especially true in the underdeveloped countries, for the success of the co-operative movement there is dependent to a large extent on active governmental assistance. It is suggested that governments should aid the development of co-operatives by providing a thorough and appropriate legal basis for their corporate existence. In addition the State should provide a system of inspection and facilities for the training of staff. However, the authors of the report believe that governments should not exercise overall control of the more detailed operations of the co-operatives since their success depends largely on the voluntary participation of local groups of farmers.

The manner in which the progress of co-operatives can be inhibited by specific social characteristics, particularly in backward areas, is examined in some detail. For example, a fatalistic attitude by rural peoples to sickness and disease can seriously hamper any effort by a co-operative to eradicate plant disease or to improve rural health.

In Australia, voluntary co-operatives have played an important role in the development of many rural industries, of which the dairy, horticultural and sugar industries are prime examples. This report should make a valuable contribution to a wider understanding of the significance of the co-operative movement in the rural economy.

**Economic Survey of Asia and the Far East, 1953.**—United Nations, Department of Economic Affairs, Bangkok, 1954. Pp. xiv, 161. 13s. 9d. (Aust.).

This is the seventh survey of Asia and the Far East, prepared by the Research and Planning Division of E.C.A.F.E. The report gives a brief but fairly comprehensive survey of the main problems facing the E.C.A.F.E. countries in their attempts to maintain economic stability and to carry out their developmental plans.

The period covered in the report was one of adjustment by the E.C.A.F.E. countries. 1953 witnessed a halt in the downward trend in primary commodity prices which started in 1951. During the year, changes in the terms of trade played a far smaller role than in previous years, although most countries were still facing balance of payment difficulties. These arose from the sharp fall in export earnings during the two previous years. Foreign reserves, accumulated during the Korean war boom period, were generally used up in efforts to maintain standards of living and the 1951 volume of investment. Most of the countries were forced to resort to import restrictions, drastic curtailment of government expenditure, better balanced budgets, or a combination of the three, in efforts to overcome these balance of payment difficulties.

An important development throughout the region was the increase in food production during 1953. Food production exceeded the pre-war average for the first time since the war, although measured on a per capita basis, it was still below the pre-war level. The general increase was due mainly to favourable climatic conditions. However, further improvements in food supply were expected in 1954.

The level of export earnings is of the greatest concern to the E.C.A.F.E. countries. They provide the exchange to import the necessary capital goods and to maintain essential consumption, but, in most countries, they are also the basis of government revenue from which domestic expenditure on development is financed. The immediate task for the countries within the region is that present and estimated future levels of export earnings and of government revenue will be insufficient to provide the increasing volume of resources which they wish to devote to economic development.

It seems unlikely that export earnings will increase greatly, as during 1953 primary commodity prices tended towards stability. Additional government revenue for development will not be available unless these countries can have an assured and increased flow of foreign aid. This seems most unlikely, so that "on the basis of present available resources it would be unrealistic to hope for any rapid economic progress since the level of genuine savings for investment is still low."