



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

---

**BOOK NOTES.**

**World Economic Report, 1953-54.** United Nations, Department of Economic and Social Affairs, New York: 1955. Pp. viii, 163. 15s. 8d. (Aust.).

*The World Economic Report for 1953-54*—the seventh of this series—was prepared by the Economic and Social Council of the United Nations and comprises an examination of changing economic conditions in order to assist the Council in its deliberations on the types of international action required in the economic field. The survey is divided into two parts. Part I deals with the chief changes in the domestic economies of the major nations, while Part II analyses the changes in international trade and payments for 1953-54.

World economic conditions in 1953-54 were dominated by a marked fall in industrial production in North America, more particularly in the United States of America. In spite of this recession, overall world economic conditions continued to improve. Contrary to expectations and unlike the 1938 and 1949 recessions, falling production in the United States of America did not result in serious repercussions on world trade and payments. While industrial production was declining in the United States, it continued to increase in Western Europe. The fall in raw material imports by the United States was compensated for by the increased purchases of Western Europe and no serious decline in world prices of raw materials resulted.

A general improvement in the gold and dollar reserves of the Western European countries gave them added confidence to face the recession in the United States. The measure of this confidence was shown by the action of a number of countries in relaxing their import restrictions from the dollar areas. However, the recession, as emphasized by the authors of the report, was of a mild nature and therefore does not offer any reliable basis for predicting possible reaction in other countries to a major recession in the United States.

Perhaps the most valuable part of the survey for the Australian reader is the examination of the role of the sterling area in the recessions of 1938, 1949 and 1954. In all three periods, earnings of the sterling area from exports to the United States declined much more than the earnings of other countries. The balance of payment difficulties resulting from a contraction of United States imports tended to be concentrated in that area. The 1949 dollar crisis was confined to the sterling area. However, the importance of the area in world trade and payments resulted in serious consequences to other countries.

The nature of the United States imports from the sterling area makes them particularly sensitive to recessions in that country. In 1949, this sensitivity was aggravated by speculation against sterling, with resultant losses of gold and dollar assets during the last quarter of the year. The survey maintains that it is in the sterling area that the difference between the recessions of 1949 and 1954 is to be sought.

The principal reason for the difference between the 1949 and 1954 recessions was the overall improvement in the balances of the sterling area as a whole with the United States in 1953. The improvement was

such that the area was confident it could absorb the effects of declining dollar reserves despite the fall in the supply of dollars in 1954. Unlike the situation in 1949, there was some relaxation of restrictions not only on trade, but also on service and capital payments.

The report contains a good account of the changes in the economic development of the centrally planned economies of eastern Europe, the Soviet Union and Communist China. The total trade of these countries continued to expand in 1953, but the increase was mainly confined to trade within the group. When the survey was written data for 1954 were not generally available.

The survey gives an adequate coverage of the economic position of the under-developed countries. For these countries, 1953 may be considered a year of deflationary adjustment to the sharp decline in raw material prices following the Korean war boom. These deflationary tendencies were generally checked in 1954, although the report is careful to point out that on the basis of available information, the "situation may be more aptly described as a halt in the process of deterioration rather than a marked improvement". The declining trend in the terms of trade for raw material exporters was either arrested or reversed as a result of a general strengthening of prices for industrial raw materials. Apart from coffee, tea and cocoa, world prices of most foodstuffs declined.

A special section on inflation in Chile between 1940 and 1953 must be mentioned. This is a case study of inflationary price rises in a country with rising non-agricultural incomes and employment. The discussion should be of value to under-developed countries and to Australian readers as some of the problems are applicable to this country.

In spite of the continued improvement of world economic conditions, the survey contains a cautious note and warns that it would be dangerous to forecast that the world trade and payments situation will necessarily continue to improve.

**Managing the Farm Business.** Raymond R. Beneke, New York; John Wiley & Son, Inc., London; Chapman & Hall Ltd., 1955. Pp. vii, 464. \$3.96.

Farm Management found its feet with the publication of Heady's *Economics of Agricultural Production and Resource Use* and Bradford and Johnson's *Farm Management Analysis*. With this book it has started to use its head in a practical fashion—but only in America. Just as Bradford and Johnson provided the first synthesis at the theoretical level of the work of the agricultural production economists and the farm management empiricists ("the heirs and the unendowed", as they have been termed by Glen L. Johnson in the *Journal of Farm Economics*, Vol. 37, No. 2), Beneke has provided the first synthesis at the practical level.

The book is designed for college students and farmers, with examples mainly from the American corn belt. Management is defined in the manner of Bradford and Johnson—the performance of five tasks: observing, analysing, making decisions, acting and accepting responsibility. Upon this framework, developed in the opening pages, each chapter is based. Most emphasis is given to the analysis and decision making aspects of management. The sequence of the book's twenty-one

chapters is very good. Opening with the methods and problems of getting established in farming and closing with farm records, a logical pattern of development with reference to both farm and farmer is followed. Disjointedness is minimized. The only aspect of farm management not satisfactorily dealt with is the relationship between the primary producer and the law. However, for the United States situation, this has recently been well covered by Professor Jacob Beusche in his book *The Law and the Farmer*.

Those chapters dealing with the various livestock enterprises are most impressive. Maximum use has been made of the results of animal nutrition research. Many useful charts and tables, for instance, those showing the selling prices needed to break even in carrying various types of stock one additional month, are provided. However, for Australian conditions, the provision of such rules of thumb is feasible only with the poultry industry since our other livestock are grazed all the year round. To date, the satisfactory measurement of pasture intake and value has proved an insurmountable problem.

*Managing the Farm Business* is admirably illustrated, well indexed and, considering the number of tables and listed rules of thumb for particular situations, very easy to read. Copious references are listed at the end of each chapter, full recognition being given to the preceding work of Case, Efferson and Hopkins in particular. Because the application of principles to practical situations is shown so well, one is forced to admit chagrin that the volume is of little use for the Australian farmer or college student. The differences between the two countries in farm production methods (due mainly to climatic factors) and institutional back grounds are too great.

It was at Ohio University in 1892 that T. F. Hunt gave the first American farm management course. (Twenty years later the United States Department of Agriculture appointed its first farm management specialist.) Since that time a vast, and from the Australian point of view, enviable body of data has been built up. Without such data, obtained primarily from great numbers of farm records and supplemented by surveys, experiment station and college research, this book could never have been written. We in Australia know the principles. To apply them, actual farm situation data is needed for guidance. (How many man hours of labour on the average are required to harvest a 1,000 bushels of wheat in the southern wheat belt. How does this vary with yields? with header dimensions?) That such information will not be available for Australian conditions until we have sufficient farm record data supplemented by an economic intent in experiment station research is a fact that must be faced.

**Economic Survey of Europe in 1954.** Research and Planning Division, Economic Commission for Europe. Geneva, 1955. Pp. xi, 315, 17s. 6d. (Stg.).

This is the eighth annual survey of the European economy to be undertaken by the Secretariat of the Economic Commission for Europe. As on previous occasions, the survey combines analysis of the major economic developments of the past year with considerations of longer term issues.

The most important economic development in 1954 was the divergent movement in industrial production in Western Europe and the United States of America. It was generally believed (and the experience of 1948-49 tended to confirm it) that a minor recession in the United States would have far-reaching effects on West European economies, especially on their trade and balance of payments position. In striking contrast to these expectations the American recession of 1954 was accompanied by a continued uprise in industrial production in Western Europe, and this without renewed balance of payment difficulties. The survey attributes this mainly to the stability of raw material prices and the absence of large changes in either United States imports or exports. While these explanations may be of some value in explaining the absence of a drain on European gold and dollar reserves they raise the same questions in a different form. In previous United States recessions raw material prices and United States imports dropped sharply, while United States exporters, confronted with a declining home market, increased their sales efforts abroad. The current survey does not examine why this development did not take place in 1954, though this may perhaps be regarded as outside the scope of a discussion of European economic conditions. (See *World Economic Report, 1953-54*, reviewed in this issue.)

The survey repeats an earlier warning regarding the dangers of indiscriminate encouragement of expansion of agricultural production. In the highly industrialized countries of Western Europe the food shortage of the immediate post-war years has stimulated agricultural progress to such an extent that per capita consumption of food has surpassed the pre-war level, at the same time enabling agricultural imports to be reduced. In most European countries, apart from the large food exporters (e.g., Denmark, Netherlands and Ireland) the prices of animal products have been kept at a level varying from 10 to 100 per cent. above world market prices. Increases of production beyond domestic needs—a point which is being reached by an increasing number of Continental countries—involves, therefore, the subsidy of exports or the acceptance of a decline in prices paid to farmers. As productivity per head in agriculture in most European countries is considerably below productivity in industry the long-term solution is obviously “to shift the emphasis in the programme for agricultural development from the present policy of increasing output per hectare to systematic attempts to increase output per man through a continuous reduction of the agricultural labour force”.

The survey again contains an excellent discussion of the changes in economic development in Eastern Europe and the Soviet Union. The changing attitude of communist countries towards world trade is described in considerable detail. It is as yet too early to ascertain whether the plans made in these countries to participate more fully in international trade relate only to trade within the eastern bloc or whether more East-West trade is also envisaged on a permanent basis. From the Australian point of view the emergence of the Soviet Union as a major importer of animal products would be of great importance. In 1954 Russia became the third largest meat importer in the world. However, the survey maintains that Russia's increased meat and butter imports in 1954 “have apparently not, as it appeared when this trade

first began to develop, formed a net addition in equal amounts to Soviet consumption, but seem rather to have been contracted for with a view to relieving the supply position in other eastern European countries, especially eastern Germany."

Issues of long-range policy are discussed in the two concluding chapters. In the first, which deals with problems of regional development and industrial location in Europe, the "underdeveloped" regions within each country in Europe are defined and regional development policies in various countries are described in some detail. Italian plans in this field seem to be especially noteworthy. In the last chapter the basic long-range problems facing the French economy—namely, the slow rate of industrial expansion, agricultural backwardness and reliance on exports of raw materials, fuel, food and the "older" manufacturing industries such as textiles, are discussed. As a whole this survey maintains the high standard set in earlier years. It should prove very useful to students of the European economic scene.

**The Romance of the Australian Land Industries.** Robert D. Watt. Sydney: Angus and Robertson, 1955. Pp. xii, 271, 30s. 0d.

Many people, in a variety of different fields, will be indebted to Emeritus Professor Watt for his valuable addition to the literature on the development of Australia's rural industries. General readers should find the book extremely interesting (and aptly titled) and those primarily interested in the technical side of agriculture will appreciate the good historical background it provides for a study of the main rural industries as they exist to-day. Students of Australian economic history will find more of interest in the book than they would expect after reading in the foreword that it "does not profess to have any special merit as an historical treatise."

Emeritus Professor Watt has outlined the history of land settlement and the gradual development of the pastoral and agricultural industries and discussed the contributions of key men associated with this development. The extent to which the progress of these industries has always depended upon new inventions and pioneering work by devoted individuals is clearly shown. Particular attention is given to the work of such men as Ruse, Blaxland, Macarthur, Mort, Kidman, Farrer, Chaffey, Marsden and Lawrie and the influence of inventions like the separator, shearing plant, harvester and stump-jump plough is discussed in sufficient detail to show how they facilitated more intensive use of the land resources. In short, the author has shown how and why each of the major rural industries came to flourish.

Part I of the book deals with the period from the arrival of the first fleet (1788) to federation (1901) and Part II discusses the more rapid development during the present century. Federation itself helped the progress of the land industries by eliminating anomalies such as interstate tariffs and customs barriers but the main stimulus "has been the advancement of science and its application to the problems of the primary producer." The author gives some specific examples of

scientific developments which have overcome pest and disease problems and facilitated higher productivity from crops and livestock. His account of the establishment and expansion of research and teaching establishments in the field of agricultural science is of particular interest.

The addition of an index and bibliography would be welcome in future editions of the book. Otherwise it has been carefully planned and written and should be widely read.