EDITORIAL.

FARMERS' FODDER RESERVES.

Why do not Australian farmers conserve more fodder? This is one of the most perplexing questions which confronts those who try to face up to the problem of devising means of mitigating the effects of recurrent droughts on the Australian economy.

Apart from its alleged economic advantage to individual farmers, more widespread storage of fodder could contribute importantly towards stabilising aggregate agricultural income through its effect in stabilising livestock numbers and their output, and also by its indirect effect in modifying fluctuations in the prices of stock feeds.

State extension programmes have stressed fodder conservation for many years, but results have been extremely disappointing. For a time, the belief was advanced that unavailability of credit on favourable terms might explain the apparent inability of farmers to carry out this type of work. Consequently, in New South Wales, the Government made credit available to farmers for fodder conservation, at the low rate of 1½ per cent. per annum.

In 1950, the Rural Bank reported that, during the first six years' operation of the scheme, only thirty-seven applications for such advances, totalling £6,899, had been made. The theory could be advanced that the continually improving financial position of farmers during this period reduced their dependence on external sources of credit, or at least that they were able to secure sufficient accommodation at their own banks. But the statistical evidence shows that, last year, stocks of fodder on farms, despite favourable seasons, were at an extraordinarily low level.

Another possible clue to the recent failure to build up drought reserves might be found in the comparatively high returns received for grains. Price stabilisation schemes also make it financially attractive to cereal producers to dispose of their crops as soon as practicable after harvest.

But there have been some factors operating in the opposite direction. For instance, the potential market for fodder in the livestock industries has undoubtedly improved. Pastoralists, in earlier years when a different set of sheep, wool and fodder prices ruled, reasoned (probably correctly) that it did not pay, in many cases, to try to save sheep flocks by supplementary feeding in drought periods. To-day they would, in all probability, be differently inclined if a drought should strike while current wool prices persist.

Despite changed conditions, it seems that farmers' attitudes towards fodder conservation have remained relatively fixed. To ascribe the general reluctance of farmers to conserve fodder to sheer perversity and economic ignorance is too easy a diagnosis. The farmers' reaction may be a sound economic approach to the uncertainty with which they are confronted. The solution to the problem may lie in the assumption by government of some of the risks involved in storage of fodder, as has been recently suggested. Any action of this kind, and any sound extension programme for the future, should be based on a clearer conception of the economics of fodder conservation than is possessed at present.