



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

*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.*

EDITORIAL.**CREDIT FOR AGRICULTURAL EXPANSION.**

The need for a substantial expansion of rural production in Australia is now almost universally recognized. More food is an urgent necessity not only to prevent the development of serious shortages of some food-stuffs in Australia within less than a decade but, perhaps more importantly, so that the Australian export income can be maintained and eventually increased. It is generally agreed that unless a sharp increase in rural production can shortly be obtained, Australian living standards—at present amongst the highest in the world—must suffer a serious decline.

It has recently been suggested by one authority that “the seriousness and deep-seated nature of our rural decline is likely to be under-estimated to such a degree that remedial measures may be over-simplified and inadequate”.* This is indeed a danger. The problem is one of the greatest complexity—there is no simple solution.

It is not the present purpose to formulate or discuss a detailed programme designed to strengthen Australia's rural economy. Much has already been said and written on this subject and, from an economic viewpoint, the broad policy which must of necessity be implemented if increased food output is to be obtained, is fairly clear.

However, in most discussions of policy during recent months, there has been a tendency to overlook, or at least minimize, the very pressing need for some liberalization of rural credit facilities, if maximum output is to be obtained from existing farms.

The problem is two-fold. It is not sufficient merely that, under certain circumstances, credit should be more readily available to primary producers than is at present the case. It is also essential that farmers should be educated to utilize to the maximum those credit facilities which are already available to them.

There can be no doubt that agricultural development has been seriously inhibited on many occasions in the past due to the inability of farmers to obtain adequate credit to develop their properties to that point where optimum production might be obtained. It is true, also, that farmers have often failed to develop their farms to their fullest capacity not because of any inability to obtain credit but due to an inherent dislike of “going into debt,” where this can be avoided.

Anti-inflationary credit restrictions introduced in Australia last year have not, at least until recently, adversely affected rural industries except, perhaps, in a few isolated cases. The provision of adequate credit facilities is a problem of long-standing. Under the existing

*T. H. Strong, Director, Bureau of Agricultural Economics, *Quarterly Review of Agricultural Economics*, Vol. V, No. 1 (January, 1952), p. 3.

exceptional circumstances, where expanded agricultural production is the economy's over-riding need, it is a problem which deserves a greater measure of attention than it has received in the past.

The rather conservative credit policy of existing lending institutions is undoubtedly making it virtually impossible for many young men—farmer's sons, experienced farm workers and migrants—to obtain properties of their own. This is unfortunate because these men would probably, in the majority of instances, work the land far more intensively than is at present being done.

The problem is a complex one but circumstances are such that ways and means should be explored to enable young men of ability and experience to settle on the land and develop their own properties even though the financial risks involved may well be greater than established lending institutions are prepared to take. If wisely administered the gains, in terms of increased output, would be very much greater than any financial losses which might be incurred.
