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The table shows that consumption of food per head in Australia, when converted into energy terms (calories), is higher than in the United Kingdom and the United States, and only slightly below the very high New Zealand level. It is nevertheless disturbing to find that there has been a tendency to substitute cheaper foods, such as potatoes and flour, for the higher-priced foods such as milk, eggs and meat, which are rich in calcium and protein. The main defect of our diet seems to be a shortage of calcium, which is obtained mainly in the form of milk and cheese. Intake of calcium per head in Australia is nearly 30 per cent. lower than in the United Kingdom, Canada and the United States. Increased consumption of milk in Australia is therefore of particular importance from the nutritional viewpoint.

International comparisons are not flattering to Australia in this regard. Australian consumption of fresh milk increased from 23.4 gallons per head to only 28.0 gallons between 1936-39 and 1952. In New Zealand, over the same period, annual consumption improved from 40 to 48 gallons per head, and in the United Kingdom there was an increase from 21 to 31 gallons per head. The latter two countries took positive measures to increase milk consumption, including liberal consumer subsidies. There can be little doubt that from the nutritional viewpoint the current butter subsidy of approximately £16,000,000 per annum would be far better spent as a subsidy on fresh milk, but the economic issues involved are not nearly so clear-cut.

BOOK NOTES.

Introduction to Economics for Agriculture. John D. Black. The MacMillan Company, New York, 1953. Pp. xv, 727. \$6.00.

Professor Black of Harvard University is one of the most prolific writers on agricultural economics in the United States—and at the same time one of the clearest exponents of his subject. His latest work is likely to enhance his reputation in this respect. As the title implies, the objective of this “Introduction” is “to give an agricultural college student, or educated farmer exactly that understanding of economics which he or she needs in order to function effectively and live happily in the world of to-day”. To some extent the title is too broad, the subject dealt with is almost entirely the agriculture of the United States and the economy of the United States; little space is given to the problems of other countries.

The book’s 700 pages are divided into nine major sections. An introductory section occupying over 100 pages—which is inevitably duplicated to some extent later in the book—is followed by the most important parts in which production, consumption and commodity distribution are discussed. These sections occupy more than half of the book. To round off the economic education of his readers, Black has added five sections on money and business cycles, income distribution, land economics, international trade and exchange and lastly public finance and public agricultural programmes in the United States.

It is obviously impossible, within the scope of a short review to summarize or comment on more than a very small part of the wealth of information contained in this work. In fact one feels that the introductory section alone would provide a good "Introduction" for agricultural students or educated farmers.

Yet, in spite of the wealth of descriptive information, explanation of economic principles and the analysis of many problems, there are certain fields which appear to be inadequately covered. The analytical parts are mainly static. In the section on monopoly pricing Schumpeter's work in this field is ignored. In the discussion on the supply of farm products there is no mention of D. Gale Johnson's contribution published in an issue of the *American Economic Review* some years ago. Nor does Schultz's work on the problems of agriculture in a developing economy receive any mention. Lastly there is no discussion or analysis of the effects of agricultural innovations on agricultural incomes and the problems raised by these innovations. All these subjects one would expect to find treated more adequately in an introductory text book of this kind.

However, in spite of these inadequacies the book possesses considerable merit. Economic analysis and agricultural description are skillfully dovetailed. The two chapters headed "What to produce" provide a good example of this. After a discussion of the benefits of the division of labour and a statement and elaboration of the law of comparative advantage, Black describes the sort of specialization which has taken place in different type-of-farming areas in the United States. This is followed by a very good discussion of the budget technique of determining the most profitable farm enterprise combination on different farms.

One of the best chapters of the book is devoted to the law of variable proportions. Chapter 18 on "Farm Family Living", although not strictly economics, also deserves special mention. An unusual chapter headed "The Opposition to International Exchange" contains a very forthright discussion of the arguments used, and the economic forces at play, when tariff alterations are under consideration by the legislature. Unfortunately one feels that Professor Black weakens his case by overstating it. Thus he seems to imply (p. 649) that Danish or New Zealand competition in the butter markets of the United States would be in the long-run interests of the U.S. dairy farmers in that prices, and consequently consumption, would be stabilized. Although this may be partly correct, it seems more likely that unrestricted butter imports would lower U.S. butter prices permanently, and thus adversely effect U.S. dairy farmers.

In one of the concluding chapters Black traces the development of "Agricultural Adjustment" in the United States from the days of the Federal Farm Board in the late 'twenties to the present day. Although he mentions most of the successive legislative attempts to influence agricultural production and marketing, one feels that Black, who was intimately concerned with many of these programmes, could have given us a more exhaustive and analytical treatment of the problems discussed.

Farm Management Analysis. Lawrence A. Bradford & Glenn L. Johnson, New York, John Wiley & Son, Inc. London, Chapman & Hall Ltd., 1952, Pp. xii, 438. \$5.75.

Most text-books of farm management have for their subject-matter the application of economic principles to the process of production on farms. Management is considered to be the activity of combining the various factors of production—land, labour and capital—and the goal of management is assumed to be efficiency in production.

In this text-book, the focus of attention is shifted from the principles of sound management to the process of management itself. The authors define management as the performance of five tasks—observing, analysing, making decisions, acting and accepting responsibility. They place considerable emphasis on learning as a component of management and they take the view that management is needed only in situations involving change and ignorance.

The book is very up-to-date in that it treats of such matters as uncertainty, risk-bearing and strategy in management. The authors also insist on the importance of personal, non-economic goals and values. While all these are undoubtedly important elements in management it is very difficult to deal with them systematically except at such a high level of abstraction as to make the results of limited usefulness. This difficulty is apparent in the book, and it is not surprising that a large part of it is devoted to a discussion of the use, in farm management, of marginal analysis. Some chapter headings: "The Need for Economizing Principles in Developing Crop and Livestock Systems"; "Multiple Production Relationships in Farming"; "How Many Enterprises?"; "Cost of Production Concepts and Farm Management".)

Economic Survey of Europe Since the War. A Reappraisal of Problems and Prospects. Research and Planning Division, Economic Commission of Europe.* Geneva, 1953. Pp. xii, 385. 31s. 3d. (Aust.).

This volume provides an excellent summary of Europe's post-war economic developments and prospects. It is the sixth annual survey to be published, but in this year's study the experience of the whole post-war period has been summarized and as a result it provides a much more interesting and thorough examination of economic changes in Europe since the end of World War II.

The report is sub-divided into four parts. Part I discusses the economic position of Europe after World War II. Part II describes the economic policies and achievements of different European countries. The next section deals with the trade and payment problems of Western Europe. Part IV, which occupies almost half of the report, enumerates some of the problems of industrial development confronting Europe to-day.

At the end of the war the industrial capacity of Europe was larger than in 1939, but this capacity was distributed unequally between countries and between different industries. Agricultural capital, shipping and dwellings suffered much more heavily as a result of the war than did industrial capacity. For Europe as a whole, population losses

*This and other United Nations' publications may be obtained in Australia from H. A. Goddard Pty. Ltd., 255a George-street, Sydney.

due to the war were almost balanced by the natural increase in population. Western Europe's international economic position deteriorated markedly during the war years; terms of trade favoured primary producing countries; many overseas investments had to be liquidated and the dollar area emerged with tremendously strengthened capacity to supply both consumption goods and goods essential to the industrial development of other areas. Attempts to develop non-dollar sources of supply met with indifferent success. Furthermore, the political split of Europe was intensified in the late 'forties and early 'fifties.

Economic policies after the war for Eastern Europe, the Soviet Union and Western Europe are discussed separately. In Eastern Europe considerable diversity of economic development made it necessary for different policies to be pursued in different countries. However, certain broad lines of policy such as the nationalization of foreign trade and of heavy industry were generally adopted. After a short period of confusion, reconstruction plans were published in all the Eastern European countries. The aims behind each plan were broadly similar—reconstruction and full utilization of existing capacity and manpower—but there were considerable variations in the degree of attention given to different objectives. Thus in Poland high priority was given to coal mining and transport, while in Bulgaria, more attention was paid to agriculture. All plans envisaged an increase in foreign trade—especially with the Soviet Union. At the end of the reconstruction period, both the pattern and the rates of production in all Eastern European countries were, broadly speaking, very much what governments had wanted them to be.

Considerable detail of development plans in Eastern Europe after the reconstruction period is given in the report. This is coupled with a discussion of various problems, such as inflation, which have arisen in these countries. The chapter on the Soviet Union's economic policies is less exhaustive, but it gives most of the statistics which have been published regarding the Fifth Five Year Plan (1951-1955).

The growth of industrial production between 1947 and 1952 in Western Europe is mentioned, but there is little in the way of economic analysis of the underlying reasons why production expanded reasonably rapidly in this period (as opposed to, for instance, the corresponding period after World War I). Sections are devoted to the allocation of resources in Western Europe and the changes which have taken place in income distribution (mainly in favour of agriculture and against rent and interest receivers). The report points out that while the economic progress of the industrially developed countries of North-western Europe has been reasonably satisfactory, the poorer countries of Southern and South-eastern Europe have made very little headway with their problems.

Part III deals with two topics, namely the inadequacy of the structural readjustments which have taken place in Western Europe and the conditions necessary for restoring the external trade of Western Europe. The difficulties of competing in the United States market are spelled out in some detail, and so are the problems involved in increasing exports to other hard currency areas. Another interesting section in this part contrasts the British and German dependence on imports. The United Kingdom still exemplifies a foreign trade structure expanded over many years without tariff protection. This policy has contributed to a higher

standard of living than in Germany, but it has also led to the problems encountered when an economy is exposed to cyclical and structural disturbances. Germany, on the other hand, due to historical developments and the strongly autarkic goals pursued over a long past, has reduced both its exports and imports to more marginal proportions, but at a cost of a substantially lower living standard.

The last part of the book contains a discussion of the problems of industrial development in Europe in the future. Future economic problems vary greatly between different European countries. In the most highly industrialized countries—which also have the most stable populations—the goal should be to raise productivity in industry. In the economically backward countries of Europe, with more rapidly increasing populations, it is more important to provide employment for the larger numbers than to increase the productivity of those already employed. The first condition of raising industrial employment in these countries is that food production be expanded faster than population growth, since the demand for food by employed industrial workers is much higher than that of the unemployed. The physical possibilities of higher agricultural output in most European countries are very great. In all European countries investment in agriculture is at a much lower level than in industry. Most of the increase in agricultural production in Europe since pre-war has taken place in the industrialized countries, thus widening the gap between productivity per acre and per farmer between the different parts of Europe—a disparity which was large even before World War II.

The large differences in the density of agricultural population in Europe suggest that a higher degree of international specialization in different types of food production is necessary in Europe to increase overall food production and consumption. Lastly, it is important to bear in mind that radical improvements in the living standards of Europe's agricultural population will necessitate large-scale migration out of agriculture—especially in Southern and Eastern Europe.

Report On A Special United Nations Fund for Economic Development. United Nations, Department of Economic Affairs, New York, 1953, Pp. ix, 61, 4s. 9d. (Aust.).

That the more highly developed countries have both a duty towards the under-developed areas of the world and a direct economic and political interest in their development has been generally accepted in recent years not only by the United Nations Organization but by many countries individually. The need for continuous technical and economic development of both primary and secondary industries in the under-developed areas, which it is envisaged will be accompanied by a gradual rise in living standards, is widely accepted.

The United Nations Organization has, for some years past, devoted a major part of its resources to assisting the more backward countries with programmes of economic development. Individually and collectively, the United Kingdom, the United States, in particular, Australia, through the Colombo Plan, and most other Western democracies, have contributed in some significant degree, since the end of World War II, to the economic and technical development of the under-developed areas.

Assistance has taken the form of technical advice and training and the provision of capital in one form or another. However, if the economic development of the under-developed countries is to be expanded and accelerated, it is apparent that not only must technical assistance programmes be maintained, and perhaps expanded still further, but more capital must be provided to allow the countries concerned to expand their developmental programmes.

Recognising the need for a substantially greater flow of capital to under-developed countries the Economic and Social Council of the United Nations established a committee to prepare—

“a detailed plan for establishing, as soon as circumstances permit, a special fund for grants-in-aid and for low-interest, long-term loans to under-developed countries for the purpose of helping them, at their request, to accelerate their economic development and to finance non-self-liquidating projects which are basic to their economic development.”

This short report represents the unanimous views of the nine bankers and economists who comprised the committee appointed to report on the establishment of the proposed fund. The committee's terms of reference were such that it was not required to report or comment on the possibility or advisability of establishing such a fund. The report, therefore, deals only with the technical problems of how the fund, if established, would be organized and how it would work.

In a short preliminary discussion on the role of the special fund, the committee makes the important point that “the economic development of the under-developed countries must, first and foremost, be the concern of such countries themselves; self-help, therefore, must be a cardinal feature of any scheme of economic development The fund should, in our view, have the duty—as it will have the opportunity—of encouraging the development of methods of self-help in every way so that the assistance given by the fund may be doubly fruitful.”

The committee has made no attempt to estimate the size of the fund required but it has recommended that should the establishment of the fund be decided upon, it should only come into being provided a voluntary pledging of the equivalent of a minimum total of \$250 million is given by at least thirty countries. The committee has also recommended that a fully paid-up capital fund should not be established in the first instance, but that a special fund should be started by contributions covering an initial period of two years, to be replenished subsequently by voluntary annual contributions.

The committee has made specific recommendations, sometimes in fairly broad terms, regarding the income of the fund, its operation and the principles and policies involved, the disbursement of the resources of the fund, and its structure, control and management. These recommendations comprise the major part of the committee's report.

A brief outline of “how the Special Fund might work” is also provided.

World Economic Report, 1951-52. United Nations Department of Economic Affairs, New York, April, 1953. Pp. x, 141. 13s. 9d. (Aust.).

The World Economic Report, 1951-52, is the fifth in a series of comprehensive reviews of world economic conditions prepared by the United Nations. The present report is divided into two parts. The first part analyses internal economic developments in the major countries of the world, and the second, major changes in international trade in 1951 and 1952. The increase in world industrial production between 1951 and 1952 was only two per cent. compared with average annual increases of 13 to 14 per cent. in the two preceding years. Food production rose by only one per cent., thus barely keeping pace with population growth.

During the latter half of 1951 and most of 1952 world inflationary pressures eased. The majority of raw material prices fell considerably during 1952; however, world food prices generally averaged higher in 1952 than in 1951.

The report stresses the fact that, in addition to acts of policy, certain "built-in" institutional mechanisms operate in most western countries to dampen both inflationary and deflationary pressures. The existence of progressive income tax systems and social security payments (especially unemployment benefits) are regarded as factors likely to facilitate economic stability. As governments take these factors into account in their annual budgets, these in-built devices can only act within a twelve-month period. However, it seems unlikely—judging by Australia's experience in recent years—that much importance should be attached to these in-built mechanisms.

The differential effect of inventory cycles on the balance of payments of the industrialized western countries is discussed in the second part of the report which deals with international trade and payments.

The report stresses three continuing world problems. These are, the maintenance of economic stability, which means largely avoiding not only large-scale unemployment but also inflation; the problem of economic development—namely, the growing disparity in real incomes between western and under-developed economies; and lastly, the continuance of international currency disequilibria, such as the dollar shortage.

The Farm and the City. Lawrence Witt and Mordecai Ezekiel, Food and Agricultural Organization of the United Nations, Rome, 1953. Pp. v, 42. 6s. 3d. (Aust.).

This short, but well-presented pamphlet has been prepared for F.A.O. by two well-known economists to help the layman understand now "the prosperity of the farmer and the prosperity of the city worker are dependent on one another."

The pamphlet which is written in non-technical language is admirably illustrated by means of numerous graphs and diagrams. In the foreword the Director-General of F.A.O. (Norris E. Dodd) says "It is hoped that this example will encourage economic and statistical workers of member nations of F.A.O. to bring together similar information for their countries, and to publish it in as simple and clear a style as possible. This will help citizens of their countries, farmers and city people alike, to understand the ways in which they are inter-dependent, one with another, and also with people in other countries. Such work, it is

hoped, will contribute to a better understanding among farmers and city people of their common problems and common interests, and to better and more intelligent action in dealing with matters of agricultural economic policies”.

The pamphlet in its present form can contribute towards this end. It deserves a much wider circulation in this country than it is likely to receive. The pamphlet will be of interest to economists generally, only in so far as it provides an excellent example of the ways in which economic data and elementary theory may be presented to the layman. Teachers of elementary economics or agricultural economics in high schools and at some agricultural colleges should find it well worth bringing to the notice of their students.

Economic Survey of Asia and the Far East, 1952. Research and Statistics Division, Economic Commission for Asia and the Far East, United Nations, Department of Economic Affairs, Bangkok, 1953. Pp. xv, 104. 9s. 6d. (Aust.).

This is the sixth in a series of annual economic reports prepared by the Research and Statistics Division of the Secretariat of the Economic Commission for Asia and the Far East. The period covered by the report—the 1951-52 season—was one of considerable economic stress in most Asiatic and Far Eastern countries. The collapse of the boom in commodity prices which occurred on a world-wide scale in the latter part of 1951 affected the E.C.A.F.E. countries particularly severely.

These countries, with the exception of Japan, depend almost exclusively on primary products as a source of export income. A decline in demand accompanied by falling prices for all major exportable commodities, with the one important exception of rice, following the boom prices of 1950-51, resulted in severe balance of payment difficulties, trade and fiscal problems in most countries of the area. The problems were similar to, but usually more severe, than those experienced by the Australian economy during the same period, as a result of the relative collapse of the wool market. As in Australia, the position was met by tightening of import restrictions, the imposition of internal controls and a rise in interest rates in most of the countries concerned.

Despite a falling demand for most export commodities and a severe drought in important parts of India the physical volume of production increased during the period under review. The report suggests that “there is reason to believe that this increase will continue in 1952-53 under the stimulus of higher prices and of intensified development in the field of food production”. Further expansion of food production, in particular, is an urgent requirement throughout the whole of the area, for, although overall food production throughout the region was, in 1951-52, slightly above the pre-war level, production measured on a per capita basis was still significantly below the pre-war level. Moreover, if China is excluded, food output per capita has shown a small but continuous fall in the past three seasons.

In addition to providing a comprehensive, if somewhat condensed, report on production trends and problems, international trade and payments and monetary and fiscal developments in the area, the *Survey* contains a comprehensive statistical appendix covering all countries in the region.