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BOOK NOTES

Can We Solve the Farm Problem? Murray R. Benedict. New York: The Twentieth Century Fund, 1955. Pp. xix, 601, \$5.00.

Murray R. Benedict has already published a comprehensive description of United States Government policies relating to agriculture in his encyclopaedic work, *Farm Policies of the United States, 1790 to 1950*. In the present work, which he subtitles "An Analysis of Federal Aid to Agriculture", he is mainly concerned with reporting on the agricultural programmes and institutions established in the United States during the thirties. Oscar C. Stine, formerly Assistant Chief, Bureau of Agricultural Economics, United States Department of Agriculture, has assisted in the preparation of the volume. A second volume under the joint authorship of Benedict and Stine, is expected to be issued in the near future, and will provide detailed analyses of the various commodity programmes established by the United States Government.

Benedict contends that "in general the farm legislation now in effect grew out of the depressed conditions of the 1920's and 1930's. It has not been modified significantly as a result of the more prosperous conditions of the war and postwar years. It still consists, in the main, of anti-depression measures rather than of those appropriate to a considered long-term program for agriculture".

The "farm problem" apparently is commonly accepted in America as a complex of grievances and aspirations which have prompted farmers to seek various forms of Government aid. As background to his discussion, Benedict sketches the main characteristics of agriculture in the United States, e.g., the competitiveness of the agricultural industries as compared with most other industries; the inelasticities of demand and supply associated with farm products; the impact of mechanisation; and the underemployment on farms, despite the long-term decline in farm population and low per-capita incomes. Most of these topics have been treated in detail by numerous authors in the past; they are repeated by Benedict in order to help explain the attitudes of farmers and policy makers towards the farm problem.

Benedict groups the multiplicity of federal programmes into two broad classes, viz., those which have sought to increase efficiency in agricultural production and marketing, and secondly those programmes which have sought to improve relative prices and the incomes and living conditions of farmers.

Prior to the 1920's, Government assistance was mainly of the type which regulated marketing or disseminated marketing information. In the last three decades it has been made clear that farmers no longer regard this type of assistance as adequate; they now require equality of bargaining strength when selling their products to large-scale buyers. It was for this reason that the Agricultural Marketing Act of 1929 authorised the creation of a Federal Farm Board which helped farmers to organise and manage marketing co-operatives, and made loans to these organisations in order to stabilise the prices of commodities in surplus supply. Butter, grapes, wool, wheat and cotton were assisted in this way, and the Federal Government inaugurated an experimental

programme—as it transpired a very expensive programme—which unfortunately failed either to stabilise prices or to develop an effective system of co-operatives to market farm products. The Board was dissolved in 1933.

The Federal Government has also given extra credit assistance to farmers, through special organisations such as the Farm Mortgage Corporation and the 12 production credit corporations, all of which aimed to reduce the interest rates paid by farmers, and also to provide them with a more orderly system for repayment of loans.

Special disaster-type loans were made in order to meet the problem of helping farmers who suffered through droughts and floods. Government assistance was also given to those farmers who were under-supplied with capital, technical knowledge and land resources. The Farmers' Home Administration was established by legislation in 1946, to incorporate both of the above functions in one agency while the Farm Credit Administration continued to supply the more conservative type of credit assistance to commercial agriculture.

One of the important conclusions which emerges from a study of American loan programmes is the increasing recognition by the authorities that significant improvement in farm organisation and management depends largely upon an intensive analysis of the farm as a whole, rather than any single enterprise on it; it is generally believed that this should apply even where credit is supplied through non-Government agencies. In fact, many private lending institutions are now interested in making loans only on the basis of farm plans.

Probably the most widely discussed section of agricultural policy in the United States has been the series of programmes relating to price supports and production adjustments, most of which have attempted to control production, control the amounts of certain commodities marketed, transfer income to farmers, and establish marketing agreements.

Other programmes have had an additional, if indirect, effect upon farm income. These programmes include public expenditure on the disposal of surpluses, making food available to low-income groups, holding down prices to consumers (e.g., during World War II), aiding overseas nations and finding new outlets for farm products.

Benedict has made no attempt in this work to lay down specific solutions to the problems of American agriculture. However, the recommendations made by a committee on agricultural policy specially appointed by the Twentieth Century Fund are presented in a concluding chapter. The general nature of these recommendations can be summarised in the statement that incentives, stability and equity should be the goals in United States farm policy.

In the view of the Committee “the problems of most consequence so far as commercial agriculture is concerned, are the over-expanded wheat industry, the rapid deterioration in the economic position of manufactured dairy products, and the lack of balance between production and effective demand for some of the other farm products. Accompanying and growing out of these is the very serious problem of excess stocks accumulated in the hands of the Commodity Credit Corporation as a result of the price-support policies of recent years”.

Specific commodities discussed in this concluding chapter include wheat, cotton, corn and butter. In the case of the two commodities of most interest to Australian readers, namely, wheat and butter, it is noted that the Committee generally favours modification of the policy of Government price supports.

In regard to wheat, the Committee's suggestion is to devise a plan whereby the prices received will reflect the preferences of the users; the plan should include restoration of realistic geographic price differentials to avoid arbitrary and artificial inter-regional shifts in production.

The butter problem is, of course, complicated by the availability of a cheaper substitute, viz., margarine. The Committee contends that "the maintenance of butter prices by Government purchase and storage is tending to contract still further the per capita consumption of butter and to encourage the use of butter substitutes, thus losing some of the advantages of the long-established preference for butter". The Committee advises an aggressive selling campaign supported by a more competitive price policy.

The efforts of the Twentieth Century Fund in financing projects of the type now reported by Benedict are to be commended. In addition, the recommendations made by the Special Committee appointed by the Fund to formulate programmes of action based on the findings of the project should provide valuable guidance to those individuals and groups who are interested in either studying or influencing farm policy.

The complex of farm programmes in the United States has little direct relevance for Australian agriculture. However, there is always among farming people an interest in, if not aspiration for, some form of Government assistance to meet their peculiar needs. Hence, it is of some importance for those concerned with the future of Australian agriculture and the relevant sections of Government policy to understand the implications of assistance programmes carried out by other nations.

Bibliography on Land Tenure. Rome: Food and Agriculture Organization of the United Nations, 1955. Pp. 386.

While this bibliography will no doubt prove of use to students of land tenure problems, it might have been expected that a publication of this kind "compiled by the Food and Agriculture Organization of the United Nations in collaboration with the University of Wisconsin and with the support of the United Nations, the International Labour Office and the United Nations Educational, Scientific and Cultural Organization" would have been far more complete than this volume apparently is.

It must be admitted that this criticism is based solely on the listing of books, periodicals and legislation relating to Australian land tenure, but if this listing is in any way typical of the remainder of the bibliography it is to be hoped the statement in the preface that "the compilers are aware that in its present form the bibliography is far from complete" is something more than a mild understatement. The Australian listing of land legislation is so incomplete as to be almost valueless.

It is stated in the preface that "with a few exceptions, mainly in favour of older standard works, some legislation necessary to the understanding of later laws, and books providing a historical treatment which seemed of special interest, the titles listed deal with situations which still exist or are highly relevant to existing situations". In view of this statement it is surprising that the earliest legislation listed for New South Wales is an act of relatively minor importance introduced in 1931 and that only one piece of legislation (and that an amendment to an earlier act) is listed relating to land tenure in Victoria. One is also somewhat mystified as to why a reference dealing with "Agriculture in the Truk Islands" should be listed under "Australia: General"!

The bibliography is divided into three sections, General Studies, Regional Studies and Individual Territories. The latter section, in which each country is dealt with separately, comprises about nine-tenths of the book. The book is published partly in English, partly in French and partly in Spanish (the three working languages of FAO). It is to be hoped that in later editions all references to legislation in English-speaking countries will be in English and not in an intermixture of English and French as is the case in this first edition.

Yearbook of International Trade Statistics 1954. Department of Economic and Social Affairs. New York: United Nations Organization, 1955. Pp. 556, 36s. (Stg.).

One of the regular annual publications prepared by the Statistical Office of the United Nations, this Yearbook—the fifth in the series—is indispensable to all students of international trade.

In addition to providing a summary by countries of movements in international trade during the six years up to 1954 (in most cases) and for the pre-war period, the Yearbook gives detailed statistics of imports and exports (by major commodity classifications)—showing value and, where applicable, weight—for each of 100 countries, covering over 98 per cent of that part of world trade for which current statistics are available at all. For 55 of these countries (covering about 81 per cent of world trade) the analysis by commodity of imports and exports is according to the United Nations Standard International Trade Classification.

Economic Developments in the Middle East, 1954-55. Supplement to *World Economic Survey*, 1955. New York: United Nations Department of Economic and Social Affairs, 1956. Pp. viii, 151. 11s. od. (Stg.).

This survey consists of a general description of trends in production, trade, finance and developmental programmes throughout the Middle East during the years 1954 and 1955. The publication cannot fail to be of interest to Australian readers because of the Suez crisis and Australia's role in the recent negotiations for a settlement. For the reader who wishes to gain some insight into economic conditions of this—the world's "hottest spot"—the publication is invaluable.

Of particular interest is the rejection of the statement made by the 1949 United Nations Economic Survey Mission that "the Middle East suffers from poverty in the extreme". In order to judge this, the region must be divided into two groups of countries, those which export oil and those which do not. Although national income estimates are not available for the former group, it is clear that income in most of these states has risen regularly and markedly in recent years. On the other hand, the rate of increase in national income for the second group has been far less steady and uniform; being strongly influenced by short-term factors such as weather and fluctuations in the terms of trade.

Agriculture continues to be the dominant factor in the Middle East as a whole and will continue to claim a large share, often the largest share, of development funds. In spite of trade and payment agreements, concluded in 1953 among the Arab States, a general trend towards the achievement of self-sufficiency in primary industry has continued. Irrigation projects play the principal part in agricultural development plans and Egypt's hopes on the proposed High Dam on the Nile offer an excellent example of this.

The chapter on the growth of the petroleum industry is of particular interest in view of the importance of oil to the economy of the region; two-thirds of the world's known oil reserves are located in the Middle East. However, the continued discovery of new fields and the further development of known reserves has tended to move the concentration of the industry away from the Persian Gulf towards the Red Sea area.

Summing up, the survey maintains that the long-run economic prospects of the Middle East as a whole remain rather favourable. Furthermore, fairly large reserves of relatively untapped investment funds exist in many of the oil producing states around the Persian Gulf. In a number of these countries, revenue from oil is greater than foreseeable developmental potentialities within the countries concerned. These reserves could, therefore, be of considerable value in the economic development of other parts of the region. Already some of these funds are seeping through to countries with more favourable economic prospects.