

THE
AGRICULTURAL
DILEMMA

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**A REPORT OF AN ENQUIRY
ORGANISED BY VISCOUNT ASH
AND MR. B. SEEBOHM ROWNTREE**

THIS book is as near as is possible to an authoritative pronouncement on one of the major questions of political discussion at the present time. It is the result of an impartial enquiry organised by Lord Astor and Mr. Seebohm Rowntree into the possibilities of increasing the agricultural population of Great Britain.

The problem is discussed from a wide perspective against the background of world agricultural conditions on the one hand and of the industrial difficulties of Great Britain on the other. The book will be indispensable to political candidates, speakers and students of affairs.

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A REPORT OF AN ENQUIRY
ORGANISED BY VISCOUNT ASTOR
AND MR. B. SEEBOHM ROWNTREE

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PREFACE

By VISCOUNT ASTOR

IN 1930 the Labour Government introduced the Land Utilisation Bill, a measure intended, among other things, to stimulate land settlement. Public and political opinion were acutely divided as to the actual value of smallholdings and the possibility of expanding them. So I determined to try to arrive at the facts for myself. I visited smallholders, met members of the appropriate County Council Committees and County Land Agents in the Eastern Counties, in Hertfordshire and Lincolnshire, and also in Cornwall. I purposely inspected statutory holdings in different parts of the country, where soil, climate, markets, and the produce grown varied.

On some of the holdings I met tenants who had been born and bred on the land—on others the tenants had previously been townsmen with no experience of farming. I also took every opportunity of discussing the subject with men of varied agricultural experience and outlook. My conclusions were decidedly favourable to the policy of smallholdings and were subsequently set out as follows in a book on agricultural policy called "Land and Life."

"The frequent allegations that our smallholdings schemes have been unsound, that the men have failed, have thrown in their hands, or, if still on the land, are bankrupt, discontented, and over-worked; that the schemes are neces-

sarily extravagant ; and that there is no demand or desire to go back to the land, do not stand critical examination.

" Under the 1919 Act, out of 22,000 men provided with holdings, less than 12 per cent. failed. This is an amazingly small proportion considering the speed with which the settlement of ex-Service men was undertaken after the war and the rapid fall of prices in the ensuing years.

" Statistics, however, can never give a complete account of the position of the smallholders. Conversations with those people who have been five, ten, or fifteen years on the land are required to fill in the skeleton outline afforded by the figures. On many of the County Council estates (including the Eastern counties) the men are holding their own even in these hard times and, in some cases, in spite of having no previous land experience. It is true that long hours are necessary, and that the life is often a hard one, but that is accepted in return for the independence and the ' home ' that is gained.

" The character of the smallholder is one of the most important factors in deciding the success of any holding, and success depends to an equal extent on the womenfolk. Smallholdings develop fine qualities in women as in men.

" Other factors affecting their success or failure are the suitability of market, the attitude of the County Councils, the placing and grouping of settlements, and the rate at which they are established."

I felt that success had been largely proved and that one should back the policy energetically. In fact, it seemed to me that the Labour Government were not adequately convinced of the value of their own proposals and that they were too conservative as to the possible rate at which a new population of smallholders could be established.

Dr. Keith Murray, of the Oxford Institute of Agricultural Economics, who collaborated with me, was more cautious and doubtful about the number of new men and the rate at which they could be placed on the land. He feared that the big-scale rapid settlement, which had been mentioned in

certain speeches and policies, would lower the standard of living of existing farmers and farm-labourers, would glut the market and lead to disappointment and reaction. So we added a note of caution. By the time our book was published the 1931 election had taken place; the Land Utilisation Act was held up. So we wrote that:—

“It is to the national interests that the smallholdings sections [of the Act] should be considered as being temporarily postponed, not abandoned. The delay may be helpful to the future success of the movement if it is utilised in making a careful survey of the country and a further study of the problem to see where groups of colonists should be planted, what the size and nature of each colony should be, and where they might be linked up with suitable market facilities, canning or bacon factories, egg-packing stations, and the like.

“There is still an unsatisfied demand for smallholdings.

“The encouragement of smallholdings should play an important part in a national policy.”

That was early in 1932.

Soon afterwards Mr. Seeböhm Rowntree came to consult me about the whole question of the part which the establishment of smallholdings could play in the solution of the problem of unemployment. He realised the magnitude of the difficulties to be overcome before industry could re-absorb the men who had lost their jobs, and believed that land settlement on a large scale might do a great deal towards providing them with remunerative work. Subsequently he sent an investigator to visit smallholders, who found, as I had done, that while many were doing little more than making both ends meet, others were doing better. He concluded, as I had found, that though a smallholder's life was a hard one, given the right man with the right wife, many were succeeding.

Mr. Rowntree and I consulted diverse people. Some were optimistic. They were convinced, especially in view of our immense food imports, that what was being done successfully by a few hundred smallholders could be done, with equal success, by several hundred thousand.

Others were pessimistic and prophesied great disappointment, as well as serious economic, political, and international repercussions should a rapid large-scale policy of land settlement and increased home food production be embarked upon by any Government. As these critics included agricultural economists of standing, we could not ignore their opinions. In view of the great divergence of opinion upon a question the right solution of which is of profound national importance, we decided to arrange for a much more thorough investigation than either of us had yet undertaken. Clearly if this was to be of value, it must be undertaken in a spirit of pure research. We agreed to search for the truth and nothing but the truth even if when discovered it caused us to modify our existing opinions.

Mr. Rowntree and I accordingly invited the following to join us in making the investigation :—

Sir Robert Greig, formerly Permanent Secretary of the Scottish Department of Agriculture, who had had a wide experience of farming in the United Kingdom, in the British Empire, and on the Continent,

Mr. H. D. Henderson, member of the Economic Advisory Council and Fellow of All Souls, to whom we are indebted for drafting the present report,

Sir Frederick Keeble, F.R.S., formerly Professor of Botany at Oxford, Agricultural Adviser to Imperial Chemical Industries,

Mr. William Wallace, an economist who had collaborated with Mr. Rowntree in various social investigations,

Miss Doreen Warriner, University College, London, who co-operated in the Survey of World Agriculture produced by the Institute of International Affairs,

Mr. P. Lamartine Yates, who acted as Secretary. I acted as Chairman of this informal group.

After numerous exploratory discussions, we divided our enquiry under the following headings:—

- (1) The general economic background of the trade position of this country in relation to its food supply.
- (2) The consumption of agricultural produce ; the extent to which the potential market for agricultural produce is likely to be affected by changes in real wage rates in industry generally, and by a reduction in the number of unemployed to normal figures ; and the possibility of increasing the demand for the type of food which can be grown economically in Great Britain.
- (3) The changing structure of British agriculture.
- (4) The experience of existing smallholding schemes and the measure of success achieved by family farmers and smallholders under different conditions.
- (5) The part played by marketing organisation.

As a first step in our investigation we submitted a questionnaire to the Departments of Agricultural Economics at the Agricultural Advisory Centres, asking them to give us access to the results of their research work and to suggest lines of investigation which might be followed. We had the great advantage of obtaining in person the views of:—

Mr. C. S. Orwin and Dr. K. A. H. Murray (Institute of Agricultural Economics, Oxford).

Prof. A. W. Ashby (Dept. of Agricultural Economics, University College of Wales, Aberystwyth).

Dr. R. McG. Carslaw (School of Agriculture, Cambridge).

Dr. A. G. Ruston (Dept. of Agriculture, Leeds University).

Mr. Edgar Thomas (Dept. of Agricultural Economics, University of Reading).

Further, we received valuable written replies from Mr. M. A. Knox (Loughborough), Mr. C. V. Dawe (Bristol), Professor J. H. Hanley (Armstrong College), Mr. D. H. Dinsdale (Armstrong College), Mr. John Orr (Manchester), and Mr. W. H. Long (Seale-Hayne Agricultural College).

The Minister of Agriculture and the Secretary of State for Scotland permitted us to have access to the statistical information existing in their departments, and we feel greatly indebted for the invaluable assistance we have obtained from Mr. R. R. Enfield, Mr. E. L. Mitchell and Mr. W. H. Senior of these departments. We also had access to the result of a preliminary enquiry into variations in food consumption at different income levels carried out by the staffs of the Rowett Institute and the Market Supply Committee under the direction of Sir John Orr and Mr. E. M. H. Lloyd. We met representatives of the Carnegie Trust, who are conducting an experiment by placing a certain number of Durham ex-miners on to the land in Bedfordshire. The Trustees also allowed us to see a report prepared for them by Mr. A. W. Menzies Kitchin, of the Cambridge School of Agriculture. Lastly, we met informally many individuals who were interested in the problem of increasing the number of producers of food. No one but ourselves, of course, is responsible for the views expressed in this book.

As we examined the problem, we were reluctantly but relentlessly driven to the conclusion that the

possibilities of large-scale land settlement were far smaller than some of us had believed. During the past two years I have been Chairman of another group (associated with the Institute of International Affairs) which has been making a survey of World Unemployment. At an early stage, its members had to ask themselves such questions as the following: In attempting to solve unemployment, how far must one take into consideration the maintenance of existing standards of living? What must happen before one can say that there is no longer an unemployment problem? If, for instance, the available work in Britain were divided among all the workers there would be no unemployed, but if at the same time and as a result the incomes of those now in work had to be reduced considerably, would the country accept this as a satisfactory solution of the unemployment problem? If one were prepared to reduce the standard of living of the population as a whole, or even of many men now in work, it would be by no means impossible to reduce temporarily to vanishing point, the numbers now on the register of the unemployed. But would we accept this as a statesmanlike solution of the unemployment problem?

Our present group has found itself faced with similar difficulties. As we examined the probable results of settling large numbers of workers on the land, of producing food by methods which provide little opportunity for labour-saving devices, of very substantially increasing the volume of home-grown food, we were faced with probable repercussions likely to prejudice our whole national economy, our relations with the Dominions, and our international relations in Europe. For instance, we could conceivably produce in Britain most of

the food imported from Denmark and the Baltic States, but if we drove those countries into the arms of Germany, should we have acted in a statesmanlike manner? We could grow in these islands much of the food now imported from our Dominions, but if as a result we seriously injured their agriculture and thereby prevented them buying our manufactured goods, should we be better off? We should certainly not have solved, we should merely have changed the nature of our national anxieties.

This present book represents an attempt to survey objectively and thoroughly the possibilities of increasing the agricultural population in this country. Our conclusions will undoubtedly appear disappointing to many who have placed high hopes in land settlement. We would ask them to believe that we share that disappointment. We entered this enquiry, as I have endeavoured to show, with open minds, with a willingness to consider new and unorthodox ideas and methods on their merits, and most of us with a bias, if anything, in the direction of large-scale land-settlement schemes. We trust that our conclusions may be considered not only on their merits but in the light of these facts.

We hope to publish subsequently another volume, dealing with other aspects of the agricultural problem, in which we shall embody the results of several enquiries which are at present being conducted on our behalf.

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THE AGRICULTURAL DILEMMA

CHAPTER I

THE WORLD AGRICULTURAL OUTLOOK

THROUGHOUT the post-war period there has been a growing movement of opinion in Great Britain anxious to increase the population engaged in agriculture and in particular to increase the number of small independent cultivators. This objective has been advocated from the most diverse political standpoints and on a variety of grounds, safety in time of war, the superior health, vitality and social stability of the rural population, the superior satisfactions offered by labour on the land in contact with the processes of nature, and, above all, as a means of absorbing the unemployment arising from the post-war loss of markets by our older exporting industries. The purpose of this book is to examine how far this objective is practicable in the light of prevailing economic tendencies and having regard to the national interest as a whole. Two questions are really involved: the first, whether a large increase in the total agricultural population, however distributed between smallholders, family farmers and farm-labourers, represents a practicable aim; the second, whether smallholdings in particular might be established with advantage on a much larger scale. This book is directed primarily to the former question and deals with the special problems of

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smallholdings only in so far as this is necessary for a discussion of the more general issue.

The slump of recent years has largely transformed the perspective of the problem. On the one hand, it has led to the abandonment of Free Trade, the adoption of duties and restrictions upon food imports, and the introduction of a series of measures designed to foster and to reorganise British agriculture. On the other hand, it has been marked by a world agricultural crisis of unprecedented gravity. The bearing of this crisis upon our national agricultural problem is the subject of this chapter.

The world agricultural crisis has been the outstanding feature of the general depression of recent years. The countries which produce primary products for world markets have suffered, of course, severely in depressions in the past. It is indeed a normal feature of trade depressions that the prices of agricultural commodities fall more heavily than those of industrial products. Most primary products are sold in large wholesale markets under conditions which ensure that the individual producer can nearly always sell the whole of his output at the market price of the day, whereas industrial products are produced and sold more largely to meet the demands of particular customers with whom a business connection has been established. Owing mainly to this difference of market conditions, and partly to other circumstances, a depression normally serves to depress prices more and to reduce output less in the case of agricultural than in the case of industrial commodities.

In past depressions, however, the slump in agricultural prices was nothing like so severe and nothing like so prolonged as it has been this time. After a comparatively brief period of difficulty,

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stocks would diminish, prices would recover, agriculture would again become profitable, and it would not be long before the secular trend towards an expansion of agricultural production and the bringing of new areas under cultivation was re-established. On the present occasion, the difficulties have proved far more obstinate and formidable. In the years following 1929 the world prices of many agricultural products fell to disastrous levels, plunging agricultural communities into severe distress and undermining the financial solvency of many countries in whose economic life agriculture plays a preponderant part. Yet the natural forces of recuperation showed no signs of asserting themselves, supply continued to exceed demand and stocks continued to accumulate. The conviction accordingly spread that there was a large surplus of productive capacity in many branches of agriculture and that a concerted restriction of production was essential if equilibrium and reasonable prices were to be restored. This idea came into prominence at the Ottawa Conference of 1932; the wide measure of support which it received was one of the features of the World Economic Conference of 1933; and various attempts, notably for example in the case of wheat, have been made to give effect to it on an international basis. In the United States, organised limitation of production is one of the main features of the agricultural policy of President Roosevelt's administration. In Great Britain the need for restricting world production if equilibrium is to be restored has been one of the chief arguments used for relying largely on the quantitative limitation of imports as a means of affording protection to British agriculture. Yet, despite the various measures of restriction that have been adopted, the condition of agriculture

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throughout the world remains (in 1935) one of prevailing depression, the relation between the prices of agricultural and industrial products is still highly disadvantageous to agriculture, and the earnings of agricultural producers are still inadequate.

Agriculture, in short, taking the world as a whole, presents the appearance of an occupation, or group of occupations, severely stricken by the phenomena of over-production and surplus capacity and confronted with the hard, perplexing problems of adjustment to which these phenomena necessarily give rise. How is this state of affairs to be explained? Can we attribute it to causes of a transient nature, to the war and its aftermath, to an excessive expansion of agricultural production in the post-war decade, or to the various factors, monetary, financial and political, which have combined to cause the unprecedented severity of the general economic depression of recent years? Partly, no doubt; largely perhaps, but not wholly. There are more fundamental tendencies at work which have an important bearing upon the world agricultural problem. We refer (i) to the revolutionary change which has taken place in the growth of population throughout the whole of what may conveniently be termed the western world, (ii) to the rapid progress that is being made in agricultural technique, and (iii) to the development, partly we think as a consequence of the other two tendencies, of high agrarian protectionism in Europe.

The essential facts as regards the growth of population are as follows. Throughout the nineteenth century, and particularly during the latter part of it, the populations of Great Britain, Western Europe, the United States and the other countries of the New World grew with a rapidity to which

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previous history offered no parallel. Though birth-rates began to fall in the last quarter of the century, the growth of population in the Western world continued to be exceptionally rapid right up to the war. But it has now slowed down very markedly, and some of the countries indicated have now reached a position in which their populations are virtually stationary, while others are rapidly approaching this position. The phase of virtually stationary populations (at first a slight increase and then a slight decline) may be expected to continue for a considerable period, some twenty or perhaps thirty years. It will then, on the basis of present fertility rates, give place to a phase of rapidly declining populations.

It is important to appreciate that the expectation of rapidly declining populations a generation hence does not rest on any assumption that the tendency to limit the size of the family will be carried still further. The change-over from an increasing to a declining population is necessarily a very slow one, owing to the changing age composition which is associated with it. Sixty or seventy years ago, for example, the annual number of births in Great Britain was still well below its maximum, so that the number of elderly people (of whom a large proportion die each year) is less than it will shortly become. Thirty years ago, on the other hand, the annual number of births in Great Britain was about at its maximum, so that we have to-day about the maximum number of women of child-bearing age. The first of these factors helps for the time being to keep down the number of deaths, the second to keep up the number of births. But unless there is a marked increase in the average size of the family, a substantial decline in numbers is

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inevitable later on. No conceivable fall in mortality rates could suffice to avert it, inasmuch as the children now being born are insufficient, even if they all survive, to replace the persons now of adult age. Actually, it has been calculated that if the present fertility rates and mortality rates in Great Britain were maintained, the population would eventually decline by about one-quarter in each successive generation. Though the fall in the birth-rate has gone further in Great Britain than in most other countries, the prospect of declining populations within a measurable period applies to the greater part of the Western world.

Thus the broad position is that slowly increasing populations in western industrial countries have been substituted for the rapidly increasing populations of the pre-war period, and that there is a strong probability of sharply falling populations in another generation. Let us consider how this affects the world agricultural problem.

It is part of the normal course of progress that as man's power over nature increases and his standard of living improves, agricultural activities occupy a constantly diminishing proportion of his energies. In a primitive society agriculture is the main occupation of the overwhelming majority of the people. In an advanced community the percentage of the population engaged in agriculture is comparatively small. Taking the Western world as a whole, the percentage of persons engaged in agriculture to-day must be materially less than it was, say, fifty years ago. In Germany, for example, despite the pursuit of a policy aimed at agricultural self-sufficiency, the percentage of the total occupied population engaged in agriculture and forestry fell from 42 per cent. in 1882 to 29 per cent. in 1933. Of course, when the

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population is growing rapidly, this reduction in the proportion engaged in agriculture is consistent with an increase in their absolute numbers. When the population becomes stationary, the presumption is strong that economic progress will be associated with an actual decline in the agricultural population.

Let us consider for a moment why this is so. The advance of technical progress enables a greater volume of goods to be produced with a given amount of labour, or to put the same point the other way round, it reduces the amount of labour that is required to produce a given quantity of goods. At the same time the real income of the community tends to increase proportionately, so that additional real purchasing power is or should be available sufficient in the aggregate to purchase the increased quantity of goods to which the growth in productivity has given rise. But as people become better off, the distribution of their purchasing power between different objects of consumption changes. There is a tendency to spend a smaller proportion of a larger income upon primary necessities and a larger proportion upon comforts or luxuries. Food-stuffs in particular are a class of commodity upon which people normally spend a diminishing proportion of their incomes as they become better off. At the other end of the scale, they normally spend an increasing proportion of their incomes upon "services," as distinct from commodities.

It remains true, of course, that there is likely to be some increase in expenditure on food, as real incomes increase, so that, when the population is stationary, the aggregate demand for agricultural products may still be expected to increase from year to year, though less rapidly than the demand for goods and services in general. If, accordingly, the

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technical improvements which have given rise to the increase in real incomes were confined to the manufacturing industries and there were no improvement in agricultural technique, it would be possible, even with a stationary population, to increase the numbers engaged in agricultural pursuits. But if technical progress is taking place in agriculture as well, it becomes a question whether the consequent additional output of the existing agricultural population will not outrun the growth in demand; while if the rate of technical progress is about as rapid in agriculture as in other branches of economic life, a decline in the agricultural population becomes inevitable.

This brings us to our second fundamental tendency which it is necessary to consider, namely, the progress of agricultural technique in recent years. It has become common to speak of this as the age of an "agricultural revolution" analogous to the "industrial revolution" of the previous two centuries. The phrase may convey an exaggerated impression of the change that has taken place; for during the nineteenth century steady progress was made in some branches of agricultural production, particularly in the countries of the new world, while, on the other hand, agricultural methods remain backward and unprogressive over a large part of the world at the present time. But the essential fact remains that in western countries technical progress is now proceeding at a faster rate and extends to a wider range of agricultural products than was formerly the case. Each year sees a further extension of the application of machinery to agriculture; and the efforts of the chemist and the biologist produce results which are no less impressive than those of the engineers.

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By one means or another, such as the evolution of better varieties of plant, selective breeding from better strains of animal, a more scientific use of artificial fertilisers, and the aid of better mechanical appliances, the productivity per worker of most forms of agricultural production is being steadily increased. For the most part the improvements that are made are not of a spectacular nature like the advent of the railway or the steamship. But their cumulative effect in increasing the quantity of food-stuffs produced by a given number of workers is none the less very great. This is well illustrated by the example of milk. The technical progress which has been made in milk production in Great Britain in recent years is only attributable in a small degree as yet to the adoption of strikingly new methods, such as the system of open-air dairying associated with the name of Mr. Hosier ; it has been mainly due to such factors as improvement in the selection and breeding of cows, improvement in methods of feeding, improvement in pastures, improvement in buildings. Yet it is estimated that the average milk yield per cow in England and Wales rose between 1925 and 1931 from 482 to 539 gallons, *i.e.*, an increase of 12 per cent., in a period of six years. At the same time, for various reasons, such as the use of milking-machines, there has been a steady reduction (at the rate of nearly 1 per cent. per annum on the average) in the amount of labour employed per cow.* Taking these two factors together, the output of milk per agricultural worker appears to have increased in recent years more rapidly than the average productivity of the industrial worker.

In this respect milk appears to be fairly repre-

* Professor A. W. Ashby, "Efficiency in Dairying and Some Economic Results."

sentative of agriculture in general. However it may have been in the past, agricultural productivity is now increasing, not only in Great Britain but also in the countries overseas which send supplies to European markets, at a rate which appears to be at least comparable with the increase in industrial productivity. To put the same point once more the other way round, this means that the number of workers required to produce a given quantity of goods is being reduced about as rapidly in agriculture as it is in industry.

These two tendencies—the slowing down of the growth of populations and the speeding up of the advance in agricultural productivity—have contributed, we think, to the extreme severity of the agricultural depression of recent years. How much they have contributed to it we shall not attempt to argue; for our concern is not to explain the past but to consider the future outlook. The slowing down of the growth of population cannot have been as yet as strong an influence as it is likely to become in future. Compare the outlook for world agriculture to-day with the conditions of the nineteenth century. Then the rapid growth in the populations of western countries ensured a substantial annual rate of increase in the demand for foodstuffs. Inasmuch as the progress of agricultural technique was slower than the corresponding progress in industry, a steady expansion in the areas devoted to agricultural production and a steady increase in the numbers engaged in agriculture were required to satisfy this growing demand. For the future there is the prospect of stationary, and ultimately of declining, consuming populations in western countries, there is the probability that, as wealth per head increases, only a comparatively small

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portion of the additional real purchasing-power will be expended upon agricultural products, and there is the probability that the progress of agricultural technique will reduce steadily and fairly rapidly the numbers of agriculturists required to produce a given output. The scope of these statements is limited, of course, to the Western world, and the possibility remains that the peoples of the East, where the standard of living is at present extremely low, may enter in the future into the market for the primary products of western countries as consumers upon a large and rapidly increasing scale. It is difficult to estimate the likelihood of such a development. Subject to this possibility, there is no escape from the conclusion that a diminishing number of persons engaged in the food-producing branches of agriculture, and a diminishing area devoted to the production of foodstuffs, will be required in future in the Western world as a whole; and that accordingly the tendency towards over-production and redundant capacity which has made itself manifest during the crisis of recent years is likely to represent a continuing and persistent, rather than a purely transient, agricultural phenomenon.

But the picture is not yet complete. We have still to take account of the last of the three tendencies we enumerated, namely, the growth of high agrarian protectionism in Europe. The agriculture of all western countries suffered severely in the early phases of the world depression. But those countries which imported foodstuffs on a considerable scale were able to protect their domestic agriculture from the full impact of world conditions at the expense of aggravating the troubles of the exporting countries. Over a large part of the continent of Europe, under the influence of a variety of motives such as a general

preoccupation with exchange difficulties and a consequent anxiety to curtail imports to the smallest possible dimensions, a desire to avert bankruptcy among a peasant population heavily burdened with debt charges, and the spread in some countries of an extreme philosophy of autarchy, agrarian protection has been carried to extraordinary lengths during the present crisis. Imports of foodstuffs have been ruthlessly excluded; where the imports were previously substantial, domestic production has thereby been increased, while the internal prices of some commodities have been maintained at levels several times as high as those prevailing in the outside world. Wheat affords an extreme example of what has happened. Prior to the slump, France, Germany and Italy were substantial importers of wheat, their combined imports amounting in the post-war decade to about 200 million bushels per annum. In the year 1934-35, the net imports of wheat of these three countries had been cut down to 11 million bushels, France having converted herself into an exporting country. Imports of meat have also been drastically curtailed. The quantity of beef and veal imported by the chief purchasing countries of the European continent was reduced in 1933 to less than one-half of the 1929 figure and to less than one-quarter of the figure for 1925. Judged by Continental standards, the restrictions imposed by Great Britain upon agricultural imports have been comparatively moderate. None the less, by means of the levy-quota system Great Britain has increased materially her domestic production of wheat, and has imposed quantitative restrictions on her imports of meat and bacon, the main brunt of these restrictions being concentrated on imports from countries outside the British Empire.

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These European developments have served to intensify the force with which the depression has fallen upon the exporting countries. It is possible, indeed in some degree it is likely, that as general economic conditions improve, the extreme agrarian protectionism of Continental countries, which necessarily imposes a heavy burden upon their consuming publics, will be gradually relaxed. But no fundamental reversal of it, within any period which it is profitable to contemplate, can reasonably be expected. Several considerations must be borne in mind in this connection. In the first place, the development of the idea of agricultural self-sufficiency in Europe, though it has been greatly stimulated by the world crisis of the last few years, had its beginnings earlier. It was in 1925, for example, that Signor Mussolini inaugurated his "battle of the grain," directed to reducing Italy's dependence on imported supplies. This policy was no doubt largely attributable to a special, though not a transient cause, namely, the new immigration law of the United States which created for the Fascist Government of Italy the problem of finding employment at home for large numbers of potential emigrants. But other countries in Europe increased their duties upon food-imports about the same time, a tendency which reflected partly the growing political influence of the peasant populations and partly the growth of the idea that a large and prosperous rural population represents an essential element of social stability and military strength. The hold of this idea has been greatly strengthened by subsequent developments both in the internal politics of many States (in Germany, for example, the exaltation of the peasant is an important element in the ideas of the National Socialist Movement) and in international affairs. Thus a large

peasant population and as close an approximation as possible to self-sufficiency in food production have come to be regarded, whether wisely or unwisely, as cardinal objectives of State policy in many European countries, including especially the chief military Powers.

Nor is this all. Apart from these political, strategic and social considerations, the probability that world agriculture may be subject, for the reasons previously mentioned, to prevailing conditions of depressed prices and redundant capacity, is likely to strengthen the practical force of the economic case for agrarian protection in importing countries. The conditions which favour a liberal treatment of imports are conditions in which domestic consumption is expanding sufficiently to require an increase of productive capacity, in which imports accordingly meet an evident national need and do not threaten a curtailment of existing national production. In conditions of over-supply, on the other hand, the interests of domestic producers may be seriously menaced by a growing volume of imports at reduced prices, and in such circumstances protectionist influences usually carry the day. The protectionist wave during the present crisis is an example of this rule in the short period; and it is likely to hold good in the long run, too. Thus the policy of agrarian protectionism in Europe is supported by a combination of forces, political, strategic, social and economic, which is not likely to be overcome easily or soon.

For the countries which are large exporters of agricultural products the prospect opened up by these considerations is unpromising in the extreme. The agricultural communities in the British Dominions, in South America, in the United States and in

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Scandinavia are all dependent in greater or less degree upon exports. The two former groups represent new countries with sparse populations which have been accustomed to look forward to a rapid rate of development and have equipped themselves with capital facilities and have incurred financial obligations which only a rapid rate of development could justify. They had taken it for granted that this development would continue to be based on a steady increase in the export of primary products to Europe in general and to Great Britain in particular. The events of the present crisis have now called this assumption into question ; and these countries are accordingly worried about their economic future in a manner in which they have never been before. Indeed, for the food-exporting countries as a whole, the trend of Western vital statistics, the progress of agricultural technique, and the movement towards the protection of agriculture in Europe represent a formidable combination of unfriendly forces. For British Empire countries the unfavourable outlook is relieved by the extensions of preferential treatment which have accompanied the development of agricultural production in Great Britain. But this represents a further aggravation of the prospect for the agricultural communities of South America, Scandinavia and the United States.

It is against this background that we have to consider the agricultural problems of Great Britain. It is in the light of these tendencies that we must appraise the wisdom and the feasibility of policies designed to settle an increased population on the land. As regards those agricultural commodities which are entirely, or almost entirely, produced at home, there is a broad general presumption that the number of agriculturists who can be absorbed in

their production will be limited by the same influences of a low birth-rate and rapid technical progress, which have helped to cause the general world problem of agricultural over-production. We shall examine this presumption more closely in subsequent chapters. As regards those commodities which we import on a substantial scale, the question is more complicated. By curtailing agricultural imports severely, whether by a system of high protective duties or by the method of quantitative restriction, it is within our power to enlarge the scope of the market for our domestic agriculture. But the pursuit of such a policy would inflict a grave injury upon the interests of the exporting countries overseas, which are already faced with the serious difficulties which we have described. With many of these countries we have developed close economic relations which have proved advantageous both to them and to ourselves; and we could accordingly only pursue this policy at the risk of grave adverse reactions upon our export trade and other branches of our economic life. Apart from a policy of high agricultural protection, the prospects of displacing imports by an improvement in the competitive efficiency of our agriculture are, in the light of the foregoing analysis, unpromising. For the exporting agricultural countries, largely excluded as they are from Continental markets, must be expected to make strong exertions to maintain their position in the British market and to accept, if need be, unremunerative prices rather than curtail their sales. These considerations, however, are stated in very general terms; and we shall proceed to consider in more detail in a separate chapter the possibilities of enlarging the scope of the market for British agriculture by diminishing our imports of foodstuffs.

CHAPTER II

THE POSSIBILITIES OF DISPLACING IMPORTS

THE following table gives the value of the chief imports of agricultural products into Great Britain for certain recent years, other than those such as tea and coffee, which cannot be produced at all at home :—

TABLE I
Imports into the United Kingdom by Value

	£ millions				
	1925	1929	1931	1933	1934
Sugar . . .	33·2	23·5	14·8	15·2	13·7
Grain and flour	111·2	95·9	55·8	55·0	54·4
Beef and veal .	37·9	36·4	30·1	22·2	22·3
Mutton and lamb	22·8	19·5	18·9	16·0	18·1
Bacon . . .	42·2	43·7	33·1	29·9	30·0
Poultry . . .	2·4	3·2	3·3	2·0	1·6
Butter . . .	53·2	54·7	46·3	34·3	33·3
Cheese . . .	15·7	13·9	9·1	7·6	7·0
Eggs . . .	19·9	21·5	16·7	9·2	9·0
Milk and cream	6·3	6·8	6·3	3·9	3·5
Fruit . . .	46·6	49·1	46·2	39·8	38·4
Vegetables . .	13·5	12·5	16·2	9·6	9·7
Wool . . .	75·8	63·0	34·5	37·4	38·3
Timber . . .	46·5	45·8	29·1	29·9	39·6
Total of above	527·2	489·5	360·4	312·0	318·9

The decline which these figures show in the value of food imports between 1929 and 1931 is entirely

attributable to the heavy fall in prices which occurred, the volume of imports in nearly every case being higher in 1931 than in 1929. The further decline, on the other hand, between 1931 and 1934 is largely due to a reduction in the volume of imports.

The value of the output of agricultural and horticultural produce in Great Britain has been officially estimated at £215 millions, so that our imports of agricultural products largely exceed our home production. Little guidance can be obtained, however, from a consideration of the aggregate figures. We must consider in detail the different items which enter into our list of imports.

It is convenient to start at the bottom of the list of imports as set out in Table I above. Wool and timber have been included as agricultural commodities which we import on a substantial scale. Both, however, represent raw materials of British industries; in both cases the imported products differ materially in type and variety from the home product; and in neither case would anyone seriously advocate an attempt to displace imports by an enlarged home production.

The next item, vegetables, deserves closer consideration for various reasons. Vegetables are a type of foodstuff of which the British public consumes far less than it should do on dietetic grounds and of which a steadily increasing consumption may reasonably be expected in future. They represent a branch of agriculture which in the past has been regarded as especially suitable for smallholders. It is a branch in which proximity to the market often carries a substantial advantage and in which accordingly the home producer has a natural advantage as compared with foreign competitors. Finally, the vegetables that we import do not represent more

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than a minor economic interest to the countries from which we import them ; and it is possible for us therefore to reduce them by protective measures, not necessarily without prejudice to our export trade, but without raising such grave and far-reaching issues as would arise in the case of some of our other agricultural imports.

In fact, however, this has already been done in very large measure during the last few years. Import duties have been imposed and our total imports of vegetables fell from £16·2 millions in 1931 to £9·6 millions in 1933. Our imports of potatoes were reduced in this period from £7 millions to £2·1 millions, of cauliflowers from £400,000 to £100,000, of onions from £1·7 millions to £1·2 millions. Of the total value of the vegetables which we still imported in 1933, tomatoes, for growing which our climate is a heavy natural disadvantage, accounted for over two-fifths, or £4·3 millions. The remainder represent largely out of season salad crops and vegetables of luxury and semi-luxury types. Thus, so far as vegetables are concerned, the possibilities of displacing imports have been very largely exhausted. It is clear that any further expansion of vegetable growing in Great Britain must depend on the growth of home consumption.

Of the imports of fruit, which amount to a substantial value, over two-thirds represent types of fruit which cannot be grown economically in Great Britain. Imports of strawberries, raspberries and soft fruits generally have been reduced to a negligible amount by virtually prohibitive duties. The remaining fruits which we import come mainly from Empire sources. The milk imports represent dried and condensed milk and do not reach a large figure. The case of butter presents some interesting features

Though, as the above table shows, our imports of butter have declined in aggregate value by nearly 40 per cent. since 1929, they have increased in *quantity* by over one-third. The explanation is, of course, that the price has fallen heavily. This is partly due to an increase of world supplies and is partly the result of German policy. Until a few years ago Germany was next to ourselves the chief importer of butter in Europe, her imports in 1929 amounting to over 90 per cent. of the net imports of Continental Europe. By 1933 she had cut down her imports of butter by more than one-half, with the consequence that largely increased supplies were diverted to the British market. There has been no attempt in Great Britain to restrict imports of butter in the interests of the home producer ; and, for various reasons, the fact that British dairy farmers, preferring where possible to sell their milk in the liquid market, have devoted comparatively little attention to the production of butter, the fact that our imports come largely from the Dominions, and the fact that butter is subject to the competition of margarine, butter has been considered a peculiarly unsuitable commodity for Protectionist experiments. The case of butter is chiefly interesting as an indication of the extent to which the prices of agricultural products are liable to be driven down, under world conditions of over-supply, when imports are excluded from other important markets and are not subject to high duties here.

The imports of cheese, except in so far as they represent very different varieties from those produced at home, come mainly from the Dominions. Eggs and poultry share with vegetables the features that they can easily be produced on smallholdings and that their imports can be restricted without raising

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major issues. Import duties have, in fact, been imposed ; and the imports have fallen substantially in volume since 1931. The imports of eggs in shell have fallen from 25,900,000 great hundreds in 1931 to 18,800,000 great hundreds in 1934, a reduction of about 28 per cent. The imports of poultry have fallen from 670,000 cwts. in 1931 to 450,000 cwts. in 1934, a reduction of about one-third. Sugar has been the subject of a prolonged post-war experiment designed to establish a large home production by means of subsidies. The subsidies have been extremely heavy, the hopes originally entertained of placing the domestic production eventually upon an economic basis have been disappointed, and the abandonment of the whole experiment, on the grounds that it has proved unduly costly in relation to the results achieved, was recommended in the present year (1935) by the Wilfrid Greene Commission. This recommendation has not been adopted ; but no one would suggest that a larger degree of State assistance should be given in future.

We pause at this point to survey the position which we have reached so far. Imports of vegetables, fruits (of the varieties which can be produced in Great Britain), eggs and poultry have all been curtailed substantially in recent years. The imports which remain, and which it would be possible to exclude by sufficiently drastic restrictive measures, amount, of course, to a substantial sum. But the following comments suggest themselves. The substantial reduction in the imports of these commodities which has been brought about in recent years has not affected noticeably the declining trend of the agricultural population. It seems highly improbable, therefore, that even the complete exclusion of imports, in the case of the commodities men-

tioned above, would provide scope for settling men on the land in Great Britain in the large numbers which are often spoken of in this connection. Secondly, the further restriction of the imports of these commodities would raise more serious issues of the kind that we shall shortly consider in the case of our staple food imports. The remaining imports of fruit, for example, in so far as they are at all competitive with home production, come principally from the British Empire. The duties which we impose on the imports of certain types of vegetable are limited by trade agreements under which we receive reciprocal concessions.

As regards certain of the commodities we have dealt with it is arguable, of course, that import duties or higher import duties might be imposed with advantage ; and it is, in fact, urged strongly in some quarters that a larger degree of protection should be afforded in the case of eggs and even in the case of butter. But in general, and as is only natural in view of the fact that the Government in recent years has pursued a Protectionist policy, the possibilities of reducing our minor food imports by these means have already been largely exploited.

There remain the major items in the list of our agricultural imports : grain (especially wheat), beef, mutton and bacon. If scope is to be found by means of diminished imports for any substantial increase in our domestic agricultural production, these are the commodities of which the imports must be curtailed. Protective measures of one kind or another have in fact been applied to these commodities in recent years : and the following table shows the extent of the resulting contraction in the volume of imports :—

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TABLE II
Imports into the United Kingdom by Volume

	Million cwts.			
	1931	1932	1933	1934
Wheat	119·4	105·6	112·4	102·7
Barley	15·4	10·2	16·0	15·6
Oats	8·8	6·5	5·6	3·2
Maize	53·3	52·7	51·3	61·4
Wheat flour	10·7	8·5	9·8	9·4
All grain and flour	217·5	194·0	205·0	204·1
Beef and veal	13·3	12·3	12·2	12·8
Mutton and lamb	7·3	7·1	6·9	6·7
Bacon	11·1	11·4	9·1	7·6

The imports remain, however, very large ; and there is little doubt that by a sufficiently drastic import policy, which took no account of the interests of other countries, even those of the Dominions, or of the reactions upon other branches of our economic and political life, room could be provided for a substantial increase in our domestic production of these commodities.

But wheat, meat and bacon represent major economic interests of agricultural communities overseas, in the British Dominions, in Scandinavia or on the American continent. These communities are faced with the difficult and unpromising outlook described in Chapter I ; and a policy of high protection, directed to increasing our domestic production of the commodities which represent their staple exports, would raise issues of the utmost gravity.

This book is not the place for an elaborate discussion of the theory of international trade, but we think it may be useful to make the following observations. In the days of the former fiscal controversy,

many people used to argue as though the relationship between a country's imports and its exports were far more precise and rigid than it really is. Imports are paid for by exports, it was said; sometimes even goods are paid for by goods; and it was implied that if imports were to increase in any year by, say, £50,000,000 a year, this would be reflected in an increase of about £50,000,000 in the aggregate export of goods and services, and that conversely a reduction of imports would be associated with a reduction of exports of equivalent magnitude. This supposition was never justified and the experience of the last few years has shown how widely the reality may depart from it. In the first decade after the war the total exports of Great Britain were substantially less in volume than they were in the pre-war period, never reaching more than (in 1929) about 83 per cent. of the average of the period 1910-13. The volume of our imports, on the other hand, was substantially higher than pre-war and tended steadily to increase. The price-level had, of course, risen greatly, so that both our imports and exports were higher in value, but although the prices of our exports had risen more than those of our imports, there was a marked increase as compared with pre-war days in the excess of imports over exports. In 1930 and 1931 our exports underwent a further sharp decline, while our imports diminished in a much smaller proportion. In the subsequent years, on the other hand, our imports have been largely curtailed by protective measures, while there has been no further reduction in either the volume or the value of our exports. Clearly it would be impossible to maintain in the light of these facts that the quantitative relationship between a country's imports and its exports is at all precise.

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There is, of course, a precise quantitative relationship ; this is the relationship between the aggregate of the payments which a country makes abroad and the aggregate of the payments which it receives from abroad. These two sums must of necessity be equal to one another. But these payments, though they arise mainly in respect of the import and export of goods and services, include also items arising from the movements of capital. Capital movements, both long term and short term, may undergo large variations and have in fact done so ; and it is these variations which explain the large alterations that have taken place in the balance between our imports and our exports. In the period up to 1931 when our " adverse " balance of trade was climbing to formidable dimensions, the balance of international lending was transformed. Great Britain ceased to invest large sums each year in the development of other countries, and came, indeed, through the mechanism of international finance, to borrow substantial sums on short term from abroad. Thus, in effect, before 1931 we were, as a country, borrowing a portion of our imports instead of paying for them by means of exports. This was obviously an unsound position which, on the one hand, was partly attributable to the over-valuation of sterling, and on the other hand, played a considerable part in driving us off the gold standard in 1931. Since 1931 the curtailment of our imports unaccompanied by any further curtailment of exports has been reflected in the fact that we have ceased to borrow a portion of our imports, and this improvement in our trade balance is thus an underlying reason for the restoration of our international financial position and the renewed stability of sterling.

The net annual rate of overseas investment in

Great Britain has varied within the last generation from a figure of nearly £200,000,000 to a minus quantity. This gives a measure of the large range within which the relationship between imports and exports is capable of being altered. But it would be a mistake to infer from this that a policy of restricting food imports in such circumstances as we now find ourselves would be unlikely to have serious repercussions on our export trade. In the first place we must bear in mind a point which follows as a corollary from what we have just said. We are no longer internationally in an unsound financial position. We have no longer a surplus of imports over exports exceeding our claims for payment in respect of services and interest. We are no longer borrowing to make ends meet on international account. We have now reached a position when we could only curtail our imports further without this involving a corresponding curtailment of our exports, if we were to lend abroad on an equivalent scale. Now in the ordinary course of things, we may fairly expect that as economic conditions recover throughout the world from the slough of depression the opportunity will present itself for a revival of overseas investment by Great Britain, though not probably upon its former scale. But the scope for sound international investment would be very limited if we were to restrict drastically our staple imports from the chief agricultural exporting countries, for it is precisely these countries which have represented the outlet for the greater part of our overseas investment in the past. In short, the possibility of restricting imports without restricting exports depends upon a peculiar conjuncture of circumstances which existed in 1931, but which no longer exists, at all events in any marked degree.

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In the second place our imports of foodstuffs from the chief agricultural exporting countries stand upon a special footing. They cannot be regarded in isolation ; they form part of a system of economic intercourse, with a long history behind it, of which the investment of British capital in the past in the development of the productive resources of these countries, the current payment of interest upon this capital, and the current export of British manufactured goods are integral features. This economic intercourse has been mutually advantageous in a conspicuous degree. It has enabled the agricultural countries to obtain cheaply the capital equipment and the industrial products which were essential to their development and which they could only have produced for themselves with the greatest difficulties. It has provided Great Britain with cheap and abundant supplies of food and raw materials, with outlets for her capital, and with markets for her exporting industries. Indeed, the leading part which Great Britain took in the development of a highly complementary economic intercourse between the old world and the new was one of the main factors in her growth and prosperity during the nineteenth century.

To pursue now a policy of the deliberate exclusion of the staple products of the food-exporting countries in the interests of our domestic agriculture would thus be to turn round upon one of the basic principles to which we owe our progress in the past. It would be to strike at international trade at precisely one of the points where the advantages of an international division of labour are conspicuous and indisputable. It would be in glaring conflict with the main needs of the economic situation. The main and most obstinate economic trouble of Great

Britain is the decline of her export trade, and the consequent unemployment in many of her highly localised exporting industries. The main economic trouble of the agricultural countries is the insufficient world demand for their primary products. To seek to exclude these products increasingly from the British market must serve necessarily to intensify both sets of difficulties. It would mean rendering functionless much of the organisation, equipment and personnel which is specialised overseas in primary production with the corollary of rendering correspondingly functionless much of our industrial life which is specialised for export. Such a policy would run counter to the whole idea of a rational development of the world's economy.

The consequences for Great Britain must be very serious indeed. In the first place we should have to expect a substantial rise in the cost of living. The stimulus of materially higher selling prices might not be necessary to secure some increase of output from our existing agricultural population. But there can be no reasonable doubt that this stimulus would be necessary if we were to attempt to substitute home production for our imports of staple foodstuffs on a scale sufficient to absorb large numbers of additional workers into agriculture. In the second place we should have to expect a further loss of export trade and a consequent aggravation of unemployment in the exporting industries. The consequences under this heading would be the more serious inasmuch as the pursuit by Great Britain of such a policy as we are now considering would inevitably arouse the deepest resentment in the agricultural exporting countries. These are largely the countries which constitute what we have come to call the sterling area and it is mainly in them that the British

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Government has been attempting to secure an enlarged market for our exports by means of trade agreements and reciprocal concessions. It is needless to say that the policy that we are considering would be entirely at variance with the whole idea of reciprocal trade concessions. Finally, there are even graver consequences with which we shall have to reckon. The solidarity of the British Empire and our good political relations with the other countries concerned would be imperilled by a policy which disregarded their essential economic interests.

So strong is the force of these considerations that it seems probable that a wise commercial policy will seek to relax the restrictions which we now impose upon the imports of the staple products of the agricultural countries. It is, indeed, out of the question that we shall see a return to Free Trade conditions in the treatment of food imports in the near future. For if, as was suggested in Chapter I, there is a prevailing tendency towards a world over-production of agricultural commodities, there will be a constant danger of serious vicissitudes in world prices which might prove disastrous to British agriculture if it were left to meet them without any support. But the present movement of our commercial policy seems to be in the direction of limiting agricultural protection to the purpose of maintaining a reasonable financial stability for agriculture, while facilitating an increasing volume of imports from overseas. From the standpoint of our national interests as a whole, there is little doubt that this is a movement in the right direction.

So far we have been considering the possibility of reducing imports by deliberate State policy, whether this takes the form of high protective duties or of other restrictions. But it is sometimes argued that

home production might be expanded largely in substitution for imports without resort to protection or deliberate exclusion, simply by the development of the productive power and competitive efficiency of our domestic agriculture. It is pointed out that Great Britain has many natural advantages for agricultural pursuits, that its soil is of a relatively high quality, and that for supplying the British market British farmers enjoy the advantage of greater proximity as against their overseas competitors. The conclusion is drawn that given more adequate organisation and more efficient marketing arrangements there is no reason why British agriculturalists should not capture a steadily growing share of the British market by virtue of a growth in efficiency.

In the past, however, when competitive conditions were comparatively easy, when agriculture throughout the world was prosperous and prices were high, when there was no tendency to over-supply or to glutted markets, British agriculture as a whole showed no signs of ousting its overseas competitors from the British market, though, of course, many individual farmers went ahead and did extremely well. How then can it be reasonably supposed, apart from Protectionist policy, that it might succeed in doing so under the severer competitive conditions which now prevail and are likely, as we have argued, to prevail for a considerable time to come? The depression of recent years has led, it must be remembered, to a heavy fall, not only in the prices at which the agricultural countries overseas sell their exports, but in their costs of production as well. The burden of debt charges, for example, has been drastically reduced in many countries; and agriculturalists abroad have not been handi-

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capped like our own by rigid wage rates enforced by statute. Meanwhile, of course, the improvement in agricultural methods has been proceeding overseas as well as in Great Britain. Except in the case of highly perishable commodities such as milk, where British agriculture already enjoys a virtual monopoly, the advantage of greater proximity to the home market is not as great as may at first sight appear; for sea transport is cheap relatively to road or rail transport. Indeed, the fact that our home production does not reach the British market through the bottle-neck of export trade organisation adds materially to the difficulty of systematising our marketing arrangements. The scope for improving the competitive power of British agriculture by better marketing is far more limited than is sometimes suggested, for questions as to the wastefulness of our system of retail distribution are irrelevant in this connection. From the stage of the wholesale dealer onwards, imported produce passes as a rule through the same trade channels as British produce; and the margin between the wholesale price and the price received by the farmer, though important in many cases, is not so large as to justify hopes that the competitive position of British farmers relatively to overseas producers might be transformed by new marketing arrangements.

As regards production the overseas countries enjoy many advantages. That of climate is important in the case of wheat, while for producing meat they enjoy the advantage of large areas of cheap land and a climate which precludes the necessity for winter keep and buildings. Their staple food exports to the British market represent to them a major economic interest; and it is entirely unreasonable to suppose that they could be displaced on any

considerable scale, under ordinary competitive conditions, without a severe and prolonged struggle in which prices would be reduced to a level which would appear ruinous to the average British producer.

We do not mean to suggest that individual British farmers may not succeed in developing a new productive technique enabling them to produce at costs which will challenge comparison, even in the case of our staple food imports, with the cheapest production overseas. Since the war there have been some notable examples of successful innovations in productive methods, particularly new methods of dairying and poultry-keeping, and in favourable localities even of corn production. As evidence of the vitality and inventiveness which are to be found in British agriculture, these developments are of the first importance ; and it may well be that the success of these experiments will stimulate an increasing number of British farmers to adopt new and more efficient methods over an extended range of agricultural production. But neither such developments, nor improvements in marketing, can be expected to proceed on a scale which would upset the broad conclusion of the preceding paragraphs. Indeed, their bearing upon the possibility of absorbing an increased population into agriculture is not necessarily a favourable one. It is the essence of these successful innovations in productive technique that they entail a large reduction in the amount of labour required to produce a given output. Accordingly it is not in this direction, but rather in the direction of smallholdings that those who wish to secure an increase in our agricultural population are accustomed to turn their eyes.

Thus a survey of the possibilities of enlarging the volume of domestic agricultural production by

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diminishing imports yields discouraging results. As regards our minor food imports such as fruit, vegetables, poultry and eggs, imports have already been reduced by protective measures about as far as is consistent with prudence ; so that the potentialities of a greater home production have already been largely realised. As regards those commodities our imports of which are a major economic interest of other countries, it would be unwise to increase and probably wise to relax the difficulties which are at present placed in the way of their importation ; while apart from protective measures, there is little likelihood that home production will expand at the expense of imports.

There remains, however, an aspect of the question of diminishing our imports of food, which we have still to consider, namely, the prudence, from the standpoint of national safety, of relying as largely as we now do on imported supplies which it might be difficult to obtain in time of war. We shall examine this question in a separate chapter.

CHAPTER III

SECURITY IN WAR

WE have seen in the last chapter how strong are the objections to a policy which would attempt to find scope for an enlarged agricultural production by placing further restrictions on our imports of food. We have now to examine whether these objections should be overridden in the interests of the security of our food supplies in the event of war.

In the light of the experience of the last war, this consideration seems at first sight to possess great force. Throughout the war our naval supremacy was never seriously challenged, but the weapon of intensive submarine attack entailed such a heavy destruction of our shipping as to impair very seriously our capacity to import supplies from overseas. At the same time immense new demands were made upon our shipping resources for the transport of armies and their supplies and for the importation of munitions of war. In these circumstances our dependence upon overseas food supplies proved a serious embarrassment ; and if the submarines had achieved even a slightly greater measure of success in their attacks upon our shipping, it might have proved fatal. As it was, our stocks of grain were reduced at one time to a few weeks' supply. Measures were taken to stimulate our home production of food by every possible means, notably by requiring a certain proportion of grassland to be ploughed up

for corn growing, by utilising public parks and open spaces for allotments; but these measures, improvised under war conditions, were necessarily of limited efficacy. Would it not be better, the argument runs, to take steps in time of peace to increase our production of essential foodstuffs so that we should not be taken unprepared by the outbreak of war? In view of the ominous drift of international relations, the danger of war cannot be ruled out as negligible; and if another war should come, the possibility must be envisaged that our shipping might suffer heavier losses than on the last occasion as the result of attacks by more formidable submarines and by aircraft.

This unquestionably is an argument which deserves serious examination. But a careful examination of it leads to the conclusion that policies designed to stimulate agricultural production along the lines usually proposed would be no solution of the problem and that we can guard against the danger indicated far more easily and effectively in other ways. In the first place, the size of the mercantile marine that we maintain, the amount of tonnage and the number of seamen at our disposal, depends mainly on the volume of our overseas trade, or, rather, since our imports are bulkier in relation to their value than our exports, upon the volume of our import trade. If we were to succeed accordingly in time of peace in reducing materially the volume of our imports of food, we should be likely to enter upon a war with a materially smaller mercantile marine and, behind the smaller mercantile marine, with a smaller ship-building industry. Our need to carry goods might be diminished, but so would be our capacity to carry them. When we remember the large amount of tonnage that we were obliged to divert in the last

war to special war functions, such as serving the needs of the navy and transporting armies and munitions, it is by no means clear that this would add to our security or strength.

Let us assume, none the less, that we should be safer on balance if we were to depend less in times of peace on overseas supplies of food. Whither does this argument lead? We ought surely to direct our efforts primarily to increasing the production of the most essential foodstuffs, of the foodstuffs which we at present import in the largest quantities and proportions, of the foodstuffs which are bulky in proportion to their value and food content, and of the foodstuffs which come mainly from distant sources of supply. These considerations point unmistakably to corn, and especially to wheat. Bread remains the primary necessity the supply of which must be maintained if starvation is to be averted in time of war. We rely at present upon imports for about four-fifths of our supply of wheat. Our supplies of wheat come mainly from other continents, and it is a bulky commodity, so that a large amount of tonnage is required for its transport as compared, say, with the import of an equivalent value of bacon from Scandinavia. For these reasons wheat was the chief subject of anxiety so far as our food supplies were concerned in the last war. It was to increase our crop of wheat that our food production policy was mainly directed. It was the scarcity of our stocks of wheat that was noted with especial misgiving when the submarine campaign was at its height.

Now wheat is not a principal object of attention of those who desire to cut down our imports of food or to settle an increased population on the land. It is mainly in other directions that they see the best hopes of securing an increase of our agricultural

production. From the economic standpoint, indeed, the arguments against attempting to secure a larger production of wheat in Great Britain are overwhelmingly strong. Wheat is marked out by the peculiarities of the British climate as a commodity which it is appropriate for us to import largely from abroad. The wet, cool and changeable conditions which give a large part of Great Britain some of the best grazing in the world make wheat-growing a costly and risky business. While wheat can be grown advantageously and economically on a certain scale and in certain parts of the country, any policy which attempted to secure a large increase of output would involve a diversion of the land from purposes for which it is relatively well suited to purposes for which it is relatively ill suited.

To effect any substantial diminution of our dependence on overseas supplies, the increase in our home production of wheat would have to be very large. We obtain roughly 24 per cent. of the wheat which we consume from at home and 76 per cent. from abroad. Thus even if our home production were to be doubled, we should still depend on foreign sources for more than half of our supplies. But our wheat production could only be doubled at an immense economic cost. It would involve diverting to wheat-growing large areas of land which are better suited for other forms of production. It would require either a big rise in the price of bread or heavy subsidies which would impose a serious burden upon the public exchequer. Our output of wheat is indeed only as high to-day as 24 per cent. of our total supplies because of the operation of the levy-quota scheme which has stimulated wheat production considerably in recent years by what is in effect a substantial subsidy amounting to £7 millions.

This is what it has cost to increase our home production of wheat from roughly 16 per cent. to roughly 24 per cent. of our annual consumption.

The idea of diminishing appreciably our dependence on overseas supplies of wheat is thus too flagrantly uneconomic to be at all feasible. For good or ill Great Britain is and must remain dependent upon overseas supplies of wheat. The command of the seas and the maintenance of her trade routes are indispensable conditions of her safety in time of war. Self-sufficiency in food supplies is not a practicable objective for Great Britain whatever it may be for other countries. In this connection it is worth observing that the advantages which the chief Continental countries derive in time of war from their different agricultural systems are at least open to some question. The experience of 1914-18 showed that a peasant agricultural system largely devoted to arable cultivation has its weaknesses in time of war. The withdrawal of man-power for the army is apt to cause a greater disorganisation in the case of a peasant-holding than in that of a larger farm. The fertility of the soil tends to be drained by arable cultivation and has to be made good by artificial manures imported from overseas. If, accordingly, these are cut off in time of war, the yield of the land declines. By contrast, the use of land for pasture, as in Great Britain, conserves its fertility, so that when the need arises and the grass is broken up into arable land there is stored fertility to draw upon. For these reasons the Continental belligerents were unable during the war to expand their agricultural production as we were able to do. It is true that Germany was able to sustain the war for more than four years while being cut off from food supplies from overseas, but it must be remembered that

Germany was not cut off from imports from the east of Europe, and her resistance would certainly have broken down much sooner but for the large supplies of foreign corn which she was able to obtain. We have been impressed by the emphatic opinion of one of the agricultural economists whom we consulted that British agriculture stood the test of the war better than that of any other European belligerent.

This, however, is largely a digression from which we return to the main argument. So far as wheat is concerned, an obvious means is open to us of diminishing the risks that we run from our dependence upon overseas supplies. We could accumulate a large store of wheat in times of peace upon which we could draw in time of war to eke out diminishing current supplies. Wheat is a commodity which deteriorates comparatively slowly with storage, and the technical problem of accumulating a large war reserve in this manner would present no difficulty.

The method of storage would, of course, entail a considerable expense. The granaries would have to be built, the running costs of storage are substantial. But the cost would be trifling in relation to the result achieved as compared with that of the alternative method. Consider the comparison. If we put our annual consumption of wheat at £40,000,000 and the costs of storage at 6 per cent. per annum, the cost of storing a year's supply of wheat would amount to £2,500,000 a year, a moderate sum if the object is vital. Yet if this reserve were drawn on to the extent of one quarter in each year of war, it would enable us to sustain a four years' war while adding to our available supplies more than would be added by a doubling of our annual home production. We have already seen that to attempt to double our annual production of wheat would be so costly as

to be quite impracticable. Moreover, a policy of storage would not be open to the objection that it would lead to our entering upon a war with a diminished mercantile marine. Its effect would rather be in the opposite direction. Altogether, therefore, it is clear that it is to a policy of storage that we should be wise to look as a means of securing our supplies of wheat.

If the problem of wheat is best dealt with in this way, we are really left with the following question : how much weight should be attached from the standpoint of national safety to a lesser degree of dependence upon overseas supplies in the case of meat, bacon and dairy products? An increased production of these commodities would entail an increased need for grain and feeding-stuffs. If these were largely imported, since they are bulkier in relation to their value than the animal products into which they enter, it would be doubtful whether any substantial economy of shipping-space would result. On the whole, perhaps, it is probable that an increased home production of these commodities would be helpful in time of war, provided that it could be secured without prejudicing other elements of our security. But if, as we have argued in the last chapter, this object could only be achieved at the risk of seriously impairing our relations both with our own Dominions and with friendly neutral countries, it is highly improbable that we should really be stronger on balance for the conduct of a prolonged and hazardous war. It is unlikely that the issue of the war would turn upon the economy of shipping-space that we might secure by importing smaller quantities of foodstuffs, other than grain. On the other hand, it is not at all unlikely that it might turn upon whether the Empire was whole-

heartedly united and upon the cordiality of our relations with neutral countries. In the past, after all, our dependence on overseas countries for a large part of our supplies has contributed at least as much to make us strong as to make us vulnerable. For without that dependence we should not have had the large mercantile marine and shipbuilding industry which enabled us in the last war, despite the depredations of the submarine, to import our essential requirements, while sustaining large armies in several parts of the world ; we should not have had flourishing Dominions, with a large man-power, closely bound to us by ties of interest as well as sentiment, to send armies to our assistance in the last war ; and our strength for war would have been less if our commercial relations with the countries of the new world in general had been less intimate.

We are persuaded therefore that, from the standpoint of safety in time of war no less than from that of economic welfare, it would be profoundly unwise to pursue a policy directed to a further drastic curtailment of our food imports. Our tradition has never lain in the direction of policies of self-sufficiency. It has lain in that of the cultivation of friendly, mutually advantageous relations with countries in every part of the world. That tradition has not failed us in the past ; and it is only upon the basis of that tradition that we can wisely build our policy for the future. We conclude that scope for an enlarged agricultural production cannot prudently be found by a further restriction of imports.

CHAPTER IV

THE POSSIBILITIES OF INCREASED CONSUMPTION

A. General

APART from a diminution of agricultural imports, there are only two ways in which an increase in the number of persons engaged in agriculture in Great Britain can be brought about :—

- (i.) By securing an increase in the aggregate home consumption of agricultural products or a shifting of consumption to higher-priced commodities which employ more labour.
- (ii.) By adopting methods of production which employ a larger number of persons to produce a given agricultural output, even though this may involve returning to a more primitive form of production.

As we have argued in Chapter I, it is probable that the consumption of foodstuffs per head will increase with the rise that may be expected in the standard of living, but that this increase in consumption will be slight relatively to the growth in real incomes per head. Accordingly, now that our population is approaching a stationary phase, and that the amount of labour employed in agriculture to produce a given output is being reduced at a rapid rate, there is a general presumption that the increase in the consumption of foodstuffs will not suffice to keep pace with the growth of agricultural productivity, and

that the aggregate number of persons engaged in agriculture must continue to decline. We propose now to examine this presumption in more detail. We shall consider the growth of agricultural productivity in the next chapter. In this chapter we shall deal with the question of increased consumption.

The general presumption set out above is subject to various qualifications or possible qualifications. In the first place, a growth in real incomes is likely to affect the consumption of different agricultural products in different degrees. The consumption of the more elementary necessities such as bread and potatoes is not likely to increase materially and may even decline, whereas there may be a fairly substantial increase in the consumption of dearer commodities such as meat, milk, fruit and vegetables. Now British agriculture is devoted mainly to the production of these comparatively high-priced commodities. Thus, as the standard of living rises, the consumption of the commodities in which British agriculture is mainly interested may be expected to increase in a larger degree than the consumption of foodstuffs in general.

Secondly, as regards the immediate future, we must take account of the fact that the purchasing power of a considerable proportion of the community has been abnormally reduced in recent years owing to the heavy unemployment that has prevailed. If accordingly the trade recovery continues and unemployed workers are reabsorbed in large numbers into industry, we may expect to see a larger growth in effective purchasing-power during the next few years than in ordinary circumstances. As against this short-period factor there must, however, be set another. The general relationship between retail food prices and money wages in the last few

years has been exceptionally favourable to an increased consumption of food. Although money wages have fallen since 1929, the cost of living has fallen much more, so that the average real incomes of those in employment have increased. The fall in the cost of food has been particularly great. According to the official cost of living figures, the retail prices of foodstuffs have fallen on the average by about 20 per cent. since 1929, whereas the average reduction in money wages in the same period has been only about 5 per cent. Thus the tremendous fall in the prices of agricultural products, which in its general effects has been so disastrous to world agriculture, has at least given rise to conditions favourable to the maintenance of the volume of food consumption and, to the extent that in the near future food prices rise in relation to wages, this will tend to counteract any increase in demand due to reduced unemployment.

This leads to a third point which has a vital bearing upon questions of policy. The degree in which the aggregate home consumption of different articles of food is likely to increase will depend largely upon the prices at which they are offered to the consuming public. As compared with other articles of consumption, the demand for staple foodstuffs may be relatively inelastic, *i.e.*, relatively unresponsive to changes in price; and in the case of wheat the elasticity appears to be very small indeed. But in the case of most other staple foodstuffs it is considerable. The amount of food which a poor family will buy will alter materially, according as prices move up or down; and even among the comfortably-off whose consumption of food in general may be highly inelastic, there will be an important shifting of demand from one

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article of food to another if their relative prices alter largely. The different treatment of butter by Great Britain and Germany in recent years indicates how important the factor of prices may be. In Great Britain, where no restrictions or high duties have been imposed on the import of butter, the retail price has fallen heavily in recent years, owing to the large increase in the supplies from overseas. As a consequence the aggregate consumption of butter has increased, despite industrial depression and unemployment, by over 30 per cent. since 1929. This increase has been mainly, of course, at the expense of margarine; but the consumption of the two commodities taken together has risen materially. Germany, on the other hand, previously a large importer of butter, has since 1930 progressively raised her import duties and imposed quota restrictions. She has succeeded thereby in reducing her imports by well over one-half. She has also succeeded in raising her internal price of butter to nearly two-and-a-half times the present London level. In order to avert the natural tendency which made itself apparent for consumption to be diverted to margarine, the German Government has established a Fats Monopoly, has restricted the production of margarine by assigning quotas to the different producers and has fixed a price for margarine three times as high as that which previously prevailed. As a result the German consumption of butter has fallen by 8 per cent. between 1930 and 1934 and that of margarine by nearly 30 per cent.*

This, it is worth observing parenthetically, indi-

* "Considerations on the Present Evolution of Agricultural Protectionism." League of Nations. Economic Committee, 1935. Memorandum by Sir Frederick Leith-Ross.

cates an additional drawback to policies designed to assist domestic agriculture by restricting imports. In so far as prices are raised to the consumer the volume of consumption is diminished, so that the benefit conferred upon the home producers is less and may be materially less than the injury to the consuming public ; while from the standpoint of world agriculture the phenomena of over-production and redundant capacity are aggravated. But the question of price raises other issues of policy, notably that of the system of marketing and distribution.

Our present system of marketing and distribution contains certain obvious deficiencies and elements of waste. Many official investigations have been made in recent years into the possibilities of better marketing arrangements ; and various proposals have been put forward—such as schemes of centralised slaughtering for meat, regional egg-packing stations, fruit collecting and grading centres—for improving the marketing of different agricultural commodities. In this book, however, we are only concerned with such schemes in so far as they may be a means of securing a larger agricultural population ; and they can only serve to promote this result either by enabling the home producer to increase his sales at the expense of imports, a possibility which we have already considered in Chapter II, or by inducing an increase in the consumption of food through a reduction in the prices charged to the consumer.

Most current projects of marketing reform, as the above-mentioned examples indicate, are confined to the system of wholesale distribution. The system of retail distribution is one of immense complexity, the circumstances of one agricultural commodity differing radically from those of another ; and although it is often alleged that the system is an extremely

wasteful one, it does not lend itself easily in the case of most commodities to sudden revolutionary change. The distribution of milk, however, both on the wholesale and on the retail side, presents some special features which it is desirable to examine separately at some length.

B. Milk Marketing Problems

Milk is by far the most important product of British agriculture. The milk sold off farms in England and Wales amounted in value to about £47·5 millions in 1930-31 as compared with less than £30 millions for beef and veal, the products next in value, and only £3·5 millions for wheat. In the case of the smaller "family" farms, milk production is of especial importance. On the other hand few things are more important to the health and physique of the population than an adequate consumption of milk, particularly by young children. There is no article of food of which the present level of consumption in Great Britain is so far below what it ought to be on nutritional grounds, or compares so unfavourably with the level of other countries. It is hardly too much therefore to say that the case of milk represents the crux of the problem of increased consumption.

Owing to its highly perishable character British farmers enjoy a virtual monopoly in the supply of fresh milk to the home market, subject to indirect competition from condensed milk. The price of liquid milk has accordingly not been subject to the pressure of increased supplies from overseas which has reduced so drastically the prices of other food-stuffs. Actually it has for several years been determined by a process of bargaining between organi-

sations of producers and distributors rather than by the free play of supply and demand; and its relation to the pre-war price has in fact remained high as compared with that of other agricultural products.* Milk has thus been a relatively profitable commodity for farmers to produce and they have turned their attention increasingly to milk production in recent years, a tendency which has been stimulated by developments in road transport enabling milk to be carried more economically from distant sources of supply. But the consumption of liquid milk has not grown correspondingly. The natural effects of an artificially high price have presented themselves, production increasing faster than consumption and a condition of surplus capacity developing.

It was largely to deal with this problem that Milk Boards were established in England and Wales and in Scotland with drastic statutory powers. These Boards have sought to maintain the price of liquid milk at a high level and have made strong use of their statutory powers to prevent undercutting. The tendency towards over-production has accordingly been intensified; and both in 1934 and 1935 the market has been glutted by large surpluses of milk which have had to be disposed of for a variety of "manufacturing" purposes such as cheese, condensed milk, etc. The volume of milk which has thus been diverted to the manufacturing market has increased with extraordinary rapidity. In July, 1935, for example, the sales of manufacturing milk amounted to 34 million gallons as against 19 million gallons in July, 1934, whereas the sales of

* The index-number for the price of milk in December, 1934 was 171 as compared with 113 for all agricultural products. (1911-13 = 100.)

liquid milk increased only from 46·1 million gallons in July, 1934, to 46·8 million gallons in July, 1935. But this large increase in the sale of manufacturing milk has only been accomplished by means of a heavy fall in its price, and a huge disparity has thus been established between the prices of milk in the liquid and manufacturing markets.

The Milk Marketing Boards have endeavoured to equalise the prices received by different farmers by a system of pooling and averaging, under which the final price received by an individual farmer for his milk is an average price depending on the quantities sold as liquid and manufacturing milk respectively, not by himself but by the district to which he belongs, while the returns of different districts are equalised by a system of levies. Under these arrangements, as the quantity of milk diverted to the manufacturing market increases and as its price falls, there is a steady reduction in the net average price received by dairy farmers, although there is no reduction in the price at which liquid milk is sold to consumers. This cannot be regarded as a satisfactory position. In effect the attempt is being made to maintain the price of liquid milk at a level at which the supply greatly exceeds the demand; and no such attempt can succeed in the long run. It is doubtful whether even a higher import duty on milk products, which would impose a serious burden upon poor consumers of condensed milk, would materially relieve the position. Unless the consumption of liquid milk can be largely increased, it is difficult to see how our milk production can be maintained at its present level.

But to secure a large increase in the consumption of liquid milk a reduction in the price charged to the consumer is probably an essential condition. Unless

this can be secured, attempts to increase consumption by means of propaganda are unlikely to achieve adequate success. The question thus arises whether more satisfactory arrangements could be devised which would enable milk to be sold more cheaply to the public. The policy that has been pursued by the Milk Boards in regard to the price of liquid milk indicates the drawbacks of a system under which boards representing the interests of producers are empowered by statute to fix minimum selling prices at their discretion. It is not merely that such boards will tend to place the interests of the producers before the interests of the public. Being elected by farmers on a representative basis, they necessarily reflect the point of view of the average producer rather than that of the more efficient producer ; and in practice this is apt to mean that they endeavour to maintain a price at which the higher-cost producers can succeed in making a living. Now the pursuit of this policy in the case of milk is open to especial objection from the standpoint of the community.

There is perhaps no other important agricultural commodity the costs of producing which differ so widely from one producer to another. Even before the war the variations in costs were large ; and they have been increased by the technical changes of the post-war period. It is worth noting that these post-war changes have not only affected the competitive position of individual farmers but have altered materially the relative advantages of different geographical areas as centres of milk production. It was on the downlands of Wiltshire, hitherto regarded as unsuitable for dairying, that Mr. Hosier developed his open-air system ; and for this system some old-established dairying districts are at a disadvantage.

Meanwhile, improvements in road transport have made it economical to convey milk over longer distances from the better producing areas and have diminished the advantage of close proximity to the market.

The natural and appropriate sequel to these changes would be a reduction in the price of liquid milk to a level at which the highest-cost producers, particularly in districts which have lost part of their former relative advantage for milk production, were eliminated. By this means the production of milk would be concentrated more largely upon low-cost producers, the consuming public would derive from the technical improvements of recent years the benefits which it ought to derive from them and the consumption of milk would be encouraged. It is a serious criticism of the system of the Marketing Boards that their policy has hitherto been such as to impede these natural and healthy developments; and this experience in the case of milk suggests the desirability of reforming the constitution of statutory marketing boards in general so as to secure that more regard will be paid in the policies pursued to the interests of consumers and the public generally.

As regards the retail distribution of milk, the system of producers' marketing boards is clearly an inappropriate instrument of reform; indeed, the policy of the Milk Marketing Boards has served in some cases to prevent distributors from passing on to the public the benefit of economies that they have realised. But the question of the costs of retail distribution is one of great importance. The delivery of milk by competing distributors represents an obvious element of waste. There are probably few streets in an ordinary town which are served by

less than three or four different retailers. The waste that this implies may be no greater than exists in the case of many other commodities ; but, inasmuch as the majority of consumers wish their milk delivered with regularity and at similar hours, it is more easily avoidable by means of organisation. The example of some large and efficient distributors has shown that considerable economies are possible. Milk is accordingly often singled out as representing a peculiarly suitable commodity for the application of the principle of the public utility concern, or for other arrangements which would place its distribution in large urban centres in the hands of a single authority. This idea is one which should be seriously examined and opportunities might be given for experiments by municipalities in areas where there appears to exist a specially strong case for them.

Any such reorganisation would raise the question of price policy in another form. The elasticity of the demand for milk in different classes of the community is very different. A substantial reduction in price would stimulate the consumption of the poorer families considerably, but it would probably have a negligible effect on the consumption of the well-to-do. Now the well-to-do account at present for a large proportion of the total consumption of milk. If, accordingly, a single authority were entrusted with the distribution of milk in a given area, it might find it advantageous merely on commercial grounds to apply the principle of discriminating prices which obtains in many parts of the economic system* and to establish milk depots, for example, in poor districts from which milk could be fetched by anyone at especially reduced prices. The scheme

* An example is the cheap passenger fares on workmen's trains.

introduced in 1934 for providing milk at a low price to children in elementary schools may be regarded as an application of this principle. The extent to which there is legitimate scope for applying this principle to the distribution of milk on strictly commercial grounds is, however, doubtful.

C. Possibilities of Subsidy

We turn to possibilities of another kind. How far should the State endeavour to stimulate the consumption of food by subsidising its distribution at cheap prices to selected classes of the community? During recent years, various experiments have been made abroad in the distribution of surplus stocks of food by the State, either free or at low prices, to the unemployed and destitute. In the United States, the Federal Relief Administration has bought large quantities of cattle, hogs and potatoes for distribution to the destitute through the Red Cross Society or local relief agencies. In Holland and Denmark surplus beef has been taken off the market for sale at low prices to those in receipt of relief, and in the Irish Free State beef is being distributed free. In Germany relief in kind has been organised partly through the Winterhilfe and partly through the issue of fats cards entitling the recipients to a controlled brand of household margarine. Such measures amount in effect to a system of relief in kind, and the principle of relief in kind has acquired a bad name in Great Britain in the past. Serious administrative difficulties arise which it has not proved easy to overcome.

Much larger possibilities would be opened out if the State were to pursue a policy of stimulating, by means of subsidies, perhaps in connection with

the operation of marketing boards, the consumption of food among all classes of the community who at present eat less than is desirable on nutritional grounds. This raises a broad social issue, of which an increasing amount is likely to be heard in the years that lie ahead. The idea of such a policy makes a strong appeal to a growing movement of opinion, not only in Great Britain but in other countries as well, which is struck by the paradox of the co-existence of widespread mal-nutrition with agricultural over-production. Let us consider the case that can be made out in this country for action along these lines.

In the pre-war decade the foundations were laid in Great Britain of a far-reaching system of social services, and this system has been largely extended since the war. It has entailed a heavy burden upon the national finances, and partly for this reason and partly because of the occurrence of the Great War the development of the social services has gone hand in hand with a revolution in the system of taxation, entailing the heavy progressive taxation of wealth. When this policy was first initiated, misgivings were widely and sincerely felt as to the ultimate consequences that would ensue. The misgivings related to both aspects of the policy; there was a fear that the heavy taxation of wealth might cripple industrial development by reducing saving and discouraging enterprise and there was a fear that the provision of social assistance might sap independence of character and weaken the sense of individual responsibility.

The events of the post-war period seemed at first to provide some confirmation of these misgivings. The post-war decade was one of peculiar difficulty for British economic life. The tide of economic cir-

cumstance had turned against the old exporting industries such as coal and cotton, which had hitherto led the way in our industrial development. These industries lost ground in world markets, their volume of production declined and formidable problems of surplus capacity and redundant labour arose such as we had never had to face before the war. These difficulties were in a large degree peculiar to Great Britain. Many other countries were making rapid economic progress and extending their export trade at our expense, while we appeared to be unable to master the difficulties that confronted us. When the world depression occurred in 1929 it seemed for some time to confirm the impression of a decline in the relative economic strength and vitality of Great Britain. Until 1931 our export trade shrank more rapidly under the impact of the depression than that of any other industrial country, while we were subjected in the financial sphere to the serious international distrust which resulted in our being forced off the gold standard. In these circumstances there grew up not unnaturally a disposition to cast a large share of the blame for these difficulties upon the two-fold policy of social services and high taxation. It was very common round about 1931 to hear it argued that this policy, whatever was to be said for it up to a certain point, had been carried too far, that it was crippling our economic development, that the high taxation was largely responsible for the unemployment that baffled us and that the social services, unemployment benefit in particular, made for an economic rigidity, a lack of adaptive power, which prevented us from holding our own in world markets.

But the experience that has accumulated since 1931 has gone far to suggest that this was a shallow

interpretation of the problem. It is now clear that we have suffered during the world depression less severely than most other countries, and far less severely than the United States in particular, who used until recently to regard our system of social services with stern disapproval. The opinion has gained ground that this system has proved on the whole a helpful rather than an adverse factor, by its effect in sustaining the general purchasing power of the community. Among the consequences that it is reasonable to infer from the change that has taken place in the population outlook and from the strong tendency towards economic nationalism is a diminished need for savings, at all events in a country like Great Britain which has been accustomed to lend abroad on a substantial scale. The objection therefore that was entertained in pre-war days to the policy of social services that the accompanying taxation would tend to reduce savings no longer has the force which it used to have. On the contrary, if it be true that there is a tendency for individuals in a modern comparatively prosperous society to save and thus to withdraw from the demand for goods and services a larger proportion of their incomes than is really needed for investment, what was formerly an objection to a policy of social services may have become to-day a positive advantage.

If any new developments in this policy are to be contemplated, measures designed to increase the consumption of food have an urgent claim for consideration. We devote large sums of public money to the provision of education, to improving the standards of housing and to ensuring to the individual a minimum amount of purchasing power in the event of unemployment, sickness or old age. These are all important objects of social policy. Yet it

might be suggested that on social grounds alone there is faulty perspective in concentrating so much effort and attention upon them while neglecting for the most part the fundamental factor of nutrition. This is of especial importance in the case of children. It seems probable that mal-nutrition, particularly in childhood, is to-day a more important cause of poor physique and bad health than slums or overcrowding. A large proportion of the cost of medical insurance benefit, of hospitals, sanatoria and other institutions for the cure of disease must be attributed to mal-nutrition in childhood. An under-nourished child is incapable of deriving the full potential benefit from the education which is provided for him. On the other hand, measures that would increase the aggregate consumption of food would meet what is probably the chief need of the economic situation. The world agricultural depression is the centre of the world economic problem. From it spring in large measure most of our other acute economic difficulties. It is indeed the central paradox of the present economic situation that the capacity of the world's agriculture to supply almost every variety of foodstuff is greatly in excess of the existing demand, while at the same time in every country, including the most prosperous, large masses of the population are gravely and palpably under-nourished.

This is a powerful argument, though the evolution of a policy on these lines would raise many administrative and social difficulties. But on the other side it must be remembered that financial conditions are likely to impose fairly narrow limits to an extension of social expenditure for a considerable time to come. Direct taxation and the graduated taxation of wealth have been carried so far in

Great Britain that it would be rash to assume that we could with safety and advantage carry them a great deal further. It is true that, owing to the fall in interest rates, the budgetary outlook has been transformed in recent years and that reductions of taxation are still the order of the day. But a growing level of expenditure on armaments must be expected in the years that lie immediately ahead ; and it is improbable therefore that there will be scope within the limits set by the existing level of taxation for any really large developments of social expenditure.

For this and other reasons any steps that may be taken in Great Britain to subsidise the consumption of food may be expected to be cautious and experimental. At the utmost they are not likely to go further, within any period of time that is profitable to contemplate, than an attempt to secure an adequate provision of the " protective foodstuffs " for all young children and for persons suffering palpably from mal-nutrition. Measures thus limited in scope, though they might have a very important effect upon the health and physique of the population, would not increase the consumption of food by as much as is sometimes suggested. If, for example, we supposed that the consumption of one-fifth of the population were increased by 20 per cent.—and this is probably more than can reasonably be expected as the consequence of any measures of subsidy that are likely to be adopted for many years—the aggregate consumption of food by the community would be increased by only 4 per cent.

D. Concluding Observations

We now turn to review the bearing of the possibilities that have been examined in this chapter upon the main argument of the book. British agriculture is mainly engaged in the production of commodities, the consumption of which may expand in a larger degree than that of foodstuffs in general, as real incomes increase. In the next few years, moreover, if trade continues to improve, there may be an important increase in the purchasing-power of those who have been suffering from unemployment in recent years. On the other hand, the general relationship between retail food prices and money wages has been exceptionally favourable in the last few years to the growth of food consumption ; and inasmuch as the process of trade recovery will almost certainly be associated with some upward movement of food prices, so favourable a relationship can hardly be expected to continue, consistently with a large further reduction in unemployment. This is subject to the possibility that large economies in the costs of food distribution might conceivably be secured by a reform of the distributive system. But our distributive system is one of immense complexity, the circumstances of one agricultural commodity differing radically from those of another, and reforms could only wisely be attempted experimentally and piecemeal. Meanwhile, the operations of the statutory marketing boards, which represent the existing experiments in the improved marketing of agricultural products, are not in the main of a character calculated to promote the growth of consumption. So far, therefore, the general presumption stands that the demand for the products of British agriculture is unlikely

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to grow at a rate which will call for the services of a larger agricultural population, if agricultural productivity continues to increase at the rate of recent years. An important difference might be made by a State policy of subsidising the distribution of food-stuffs to the poorer classes of the community if this were carried to extreme lengths. But the prospect would not be materially altered by the pursuit of such a policy within the limits that are likely to be set by financial and other considerations.

CHAPTER V

CHANGES IN BRITISH FARMING

ATTENTION has frequently been called to an outstanding feature of the official statistics relating to the number of agricultural holdings of different sizes. The number of medium-sized farms ranging from 50 to 150 acres has been tending to increase, while there has been a declining tendency in the number of smaller units on the one hand and of larger units on the other. For England and Wales, holdings of between 1 and 20 acres declined in number between 1924 and 1934 by about 11 per cent., holdings between 20 and 50 acres declined by just over 3 per cent., holdings between 50 and 150 acres increased by nearly 2 per cent., holdings between 150 and 300 acres declined by nearly 3 per cent., and holdings above 300 acres declined by about 8 per cent. The tendencies indicated by these figures have been continuous throughout the ten-year period.

The significance of the decline in the number of smaller units despite the attempt to extend them by statutory smallholdings schemes will be considered in the next chapter. The fact that the number of larger farms has been declining while those between 50 and 150 acres have been increasing is not difficult to explain. Holdings of between 50 and 150 acres represent broadly the category of what are called "family farms"; farms, that is to say, which are worked largely by the farmer and the members of

his family and which employ comparatively few outside labourers.* Generally the larger the farm, the more it must depend upon the use of hired labour ; and under the economic conditions of the last ten years dependence upon hired labour has entailed a serious handicap. The selling prices of farm products have fallen on the average by about 28 per cent., while, on the other hand, wages of agricultural labourers, regulated as they are by statutory arrangements, have remained practically unchanged.† Few industries have been exposed in so extreme a measure to the adverse conjuncture of a falling price-level and a rigid wage-level.

British farmers who depend largely on hired labour have been at a serious disadvantage in this respect not only as compared with family farmers at home but also as compared with producers overseas, since agriculture abroad is mainly organised in land units which can be handled by the labour of the farmer and his family. For every 100 farmers there are about 227 paid employees in Great Britain, about 125 in Australia, 106 in New Zealand, 91 in Denmark, 42 in the United States and 24 in Canada.

But the British farmers have not remained passive. Confronted with a difficult problem which has presented itself to them in the form of a serious disparity between their wages bill and the selling value of their produce, they have set themselves to economise their use of labour in a great variety

* The correspondence is, of course, only very rough. Many holdings of less than 150 acres, and even some of less than 50 acres, represent substantial undertakings of a specialist character employing a large amount of labour, while many holdings of less than 50 acres belong to the family farm type.

† The rather fragmentary statistical data available suggest that agricultural wages have fallen on the average since 1929 by about 2 per cent.

of ways. The most important of these from the standpoint of the effect on agricultural employment has been mechanisation. The tractor has been substituted for the horse on a rapidly increasing scale. The tractors used have become more powerful and more efficient. There is a growing use of combine harvesters; oil and petrol engines are also being used increasingly to lessen labour in farm buildings. Barn machinery, such as hay-cutters, cake-crushers, turnip-breakers, mash-mixers, is now commonly employed. Small and medium-sized farms now have their own threshers, whereas these used to be confined to the large farms with steam engines. The use of the milking machine has increased rapidly. Machinery is indeed permeating practically every branch of farming, including even vegetable production, with a large diminution in labour requirements as the inevitable result.

It is worth observing in this connection that the growing displacement of the horse by the internal-combustion engine in agriculture has been accompanied by a similar tendency in transport, with important adverse repercussions on the volume of agricultural employment. The total number of horses in Great Britain has declined in the last ten years by over 600,000. This has entailed a big drop in the demand for horse food, equivalent possibly to the production of about two million acres of agricultural land. Moreover, many hours used to be spent by farm workers in driving milk to the market, potatoes to the railway sidings, pigs and cattle to the butcher, or herding sheep to the fair. These jobs are being undertaken now to an increasing extent by the railway companies, haulage carriers, or the buyers, whose trucks or lorries collect at the farm itself. Similarly outside delivery

brings to the farm feeding stuffs, fertilisers, etc., farm-labour being replaced by more specialised and probably more economical agencies. As against the reduction of farm labour must therefore be considered the increased employment of motor mechanics, motor drivers and the extension of trade in petrol and oil.

Farmers have contrived in recent years to reduce their labour costs in many other ways besides mechanisation. They have substituted crops that require a comparatively small amount of labour for crops that require a large amount. For example, fodder root-crops such as turnips, swedes and mangolds have been giving place in recent years to narrow-stem kale or silage. They have also been giving place on an important scale to cash crops such as Brussels sprouts, cauliflowers, peas and other market garden produce, a movement which is worth noting as an instance of a widespread tendency for the larger farms to invade the province of smallholdings of a specialised type. Increasing attention has been paid by the larger farmers to improved methods of farm management designed to utilise more fully and effectively the services of the labour employed. On many of the larger mixed farms there has been a marked development of labour specialisation. The different branches of production, pigs, dairying, poultry, etc., have been marked off into sharply distinct departments each with its own area of land and its own labour force. This represents perhaps the most significant trend in British farm management. The advances being made in the domain of biological and chemical science are also promoting a steady increase in the output obtained from a given labour force.

We have mentioned only a few of the more striking

developments that are in progress in the direction of an economy in the use of farm labour. In view of these developments it is not surprising that the volume of agricultural employment has tended steadily to fall. The number of male regular workers in England and Wales declined from 579,000 in 1925 to 552,000 in 1931, and to 523,000 in 1934. The numbers given for "All workers" for the same years were 803,000 in 1925, 717,000 in 1931, and 688,000 in 1934. It will be noted that the decline has persisted, despite the various measures of protection, the duties and the restrictions on certain imports that have been imposed since 1931. There has been no increase in the number of persons working in agriculture on their own account to set against this decline. Despite the small growth in the number of medium-sized holdings the total number of agricultural holdings has also fallen steadily.

How can it reasonably be supposed that this tendency can be arrested, still less reversed? The widespread adoption of new technical methods by farmers in recent years reflects and has stimulated a growing flexibility of outlook, and the probability is therefore strong that technical progress entailing an economy in the use of labour will continue with a growing momentum. Even if it were practicable to check developments along these lines, would it be desirable to do so? They represent for the most part the application of more efficient methods of production to agriculture, precisely analogous to the industrial improvements and inventions which lie at the root of our economic progress. It is true that the pace of this technical progress has been artificially stimulated in agriculture in recent years by a rigid level of wages, but no one would wish to

see agricultural wages fall. The increase in the real incomes of agricultural labourers in recent years, though it has made matters difficult for their employers, represents from the social standpoint a reform that was long overdue.

The rapid displacement of labour on the larger farms supplies, however, an additional reason for welcoming on social grounds the remarkable power of survival which has hitherto been displayed by the medium-sized family farm. The family farmer has been able to avail himself of many of the scientific improvements which have contributed to the advance of agricultural productivity in recent years; and he has also made considerable use of various minor mechanical appliances. But machinery of the more elaborate and expensive kinds is ruled out for him as uneconomic by the relatively small scale of his operations; and he has no scope for effecting economy by a more systematic utilisation of labour. The resilience which he has displayed in the face of adverse economic conditions, as revealed by the growth in the number of holdings of medium size, is mainly attributable to two facts: first, the maintenance of a rigid wage-level in face of a falling price-level matters little to him, and second, the majority of medium-sized holdings are largely engaged in the production of milk, which has been the most profitable branch of farming over the last ten years.

The first of these facts does not mean, of course, that the family farmer escapes the consequences of low selling-prices for farm products. The consequences take a different form. He himself and his family constitute a large part and often the whole of his labour force. The profits of the farm represent the remuneration of their labour, and a fall in selling-

prices, unless fully compensated by a fall in other items of cost, entails an automatic decline in this remuneration. While the standard of living of agricultural labourers who have retained full employment has risen materially during the years of the depression, that of the family farmers, which is not usually a high one and is often very low, has declined. But by accepting a lower standard of living and perhaps by working harder and for longer hours, they are able to survive through bad times, hoping to reap their reward in better times. The stability in the number of family farms has served in an important measure to abate the decline in the numbers of the rural population in recent years.

But this consideration supplies no valid ground for supposing that the declining trend of the agricultural population might be reversed by promoting a large increase in the number of family farmers with holdings either below or above the small-holdings limit of 50 acres. The majority of successful family farms are, as we have said above, largely devoted to the production of milk, a commodity which is already being produced in quantities so far in excess of the demand as to give rise to the awkward marketing difficulties described in the last chapter. Indeed, the dependence of the smaller family farms upon milk provides reason for doubting whether they will continue to show so successful and stubborn a staying power as they have done hitherto. Under the pressure of adversity the larger farms have been turning increasingly to dairying in recent years. Mr. Hosier has shown how largely the costs of milk production can be lowered on a suitable farm of a sufficient size by his open-air system of dairying and his departmentalised methods; and his example is being gradually followed in a major or minor

degree by an increasing number of progressive farmers. We have already indicated in Chapter IV that a shifting of milk production from high-cost to low-cost producers is urgently desirable in the public interest if milk is to be sold at prices which would stimulate consumption. But some of the family farmers would be found among those who would disappear if such a transference took place. More generally, indeed, and apart from the case of milk, there are unmistakable indications that as a result of the greater flexibility of outlook and methods which have been stimulated by the adverse conditions of recent years, the larger farms are becoming more formidable competitors to the family farms, despite the rigidity of labour costs.

CHAPTER VI

SMALLHOLDINGS

HOLDINGS of less than 50 acres form an important element in British agricultural life. It has been estimated that holdings of between 20 and 50 acres account for about 12 per cent. of the total agricultural employment in England and Wales, and for about 11 per cent. of the total output; while if still smaller holdings and allotments are included, the contribution becomes 32 per cent. of the numbers employed and 29 per cent. of the output.* In Scotland, the proportions are probably much higher. It is important to appreciate, however, that only a comparatively small proportion of holdings under 50 acres, about one-eighth in England and Wales, are holdings established under the Small Holdings Acts. The remainder are owned either by the occupier or by private landowners, and those above 20 acres represent mainly small farming units which have been carried on from generation to generation by families who are an integral part of the agricultural community.

In a large degree the holdings which approach the limit of 50 acres belong to the category of family farms which were considered in the last chapter. The same features present themselves that were noted there. The more successful of them are largely engaged in the production of milk either as dairy holdings or as mixed farms of a type in which

* A. W. Menzies-Kitchin. *Economic Journal*, December, 1934.

the sale of milk predominates, with eggs and pigs as side lines. Indeed, this dependence on milk appears to be even more marked in the case of small-holdings which approximate to the character of mixed farms than in that of family farms. The limit of 50 acres is generally too small for mixed farming in which the sale of milk does not predominate. Many of the holdings established by county councils belong to this category.

These smallholders have often a harder life and a lower standard of living than family farmers with a larger acreage, and the decline in their number in recent years indicates that their staying-power is on the whole somewhat less. On the whole, however, they have weathered a difficult period with remarkable success, and from the social standpoint they represent a valuable element in our rural life. We have already dealt in effect, in our observations at the end of the last chapter, with the unlikelihood of a material increase in their number.

We turn to consider the smaller types of holdings ranging down to 5 acres or even less. Many of the smaller holdings are held by men who are engaged primarily in other occupations, and to whom they represent accordingly only a spare-time occupation. This, it is worth noting, applies in a large degree to the holdings established by the County Councils in England and Wales.*

Of the smaller-sized holdings which represent whole-time occupation, those which have proved most successful in the past are devoted mainly to the specialist production of particular commodities, notably fruit, vegetables, eggs, poultry and pigs. These are commodities of which the consumption

* See "Back to the Land." By C. S. Orwin and W. F. Darke. P. S. King & Son, 1935.

may be expected to increase fairly considerably as the standard of living rises, and accordingly an expansion of holdings of this type bulks largely in the proposals of the advocates of land settlement schemes.

The results achieved by smallholders of this specialist type have varied greatly from individual to individual, much depending on the vital factor of personal character. Many of them have achieved a remarkable measure of success which is sufficient to justify the smallholdings policy. But they are now encountering serious difficulties, and the outlook for many of them is far from promising. As was noted in the last chapter, the larger farms have been turning over increasingly to the production of eggs and market garden produce. Nor is this the only quarter from which the specialist smallholder has to face increased competition. There has been an immense increase in the post-war period in the number of allotments and gardens at the disposal of industrial workers. The number of gardens in particular has grown very largely, the provision of gardens having been a feature of the majority of post-war housing schemes; and many of these gardens are used to produce foodstuffs for sale, vegetables in particular. From the general social standpoint the growth of gardens and allotments is a highly welcome development. It fulfils in some degree a function which is one of the objectives of land settlement, namely, of mitigating the industrial element in our civilisation by increasing the number of persons who have some effective contact with the processes of nature. It provides the industrial worker with something to fall back upon in the event of unemployment, both as a means of occupation and as a supplement to his livelihood. It makes

directly for better standards of nutrition, since vegetables grown by the occupier of a garden or an allotment represent in a large measure a net addition to the consumption of his family. As we shall argue later, an extended provision of allotments for unemployed workers, particularly in the distressed areas, is greatly to be desired. This, however, does not alter the fact that the production and sale of produce from gardens and allotments has seriously prejudiced the market for specialised smallholders in many small and medium-sized towns.

This increased competition from large farms on the one hand and from allotments on the other has deprived the smallholder, so far as vegetables are concerned, of the benefits which he might otherwise have obtained from the growth in the volume of consumption and from diminished imports. In the case of eggs, the competition of the larger farms which are utilising new and more efficient methods of poultry-keeping is even more formidable; the outlook for specialised small poultry holdings is accordingly unfavourable and it would not be surprising if the next few years were to witness a purging process which will eliminate many of the less efficient producers. In general, the idea of increasing the number of small-sized specialist holdings runs directly counter to the present trend of market conditions.

Thus neither smallholdings of the small family farm type nor those of the specialist type offer scope at the present time for substantial extension. The crucial factor in both cases is the increasing competition of larger farms operating on a scale which enables them to make the fullest use of the benefit of mechanical and other inventions. There is no reason to suppose that this competition has reached

its limit. Indeed, the larger farms could fairly easily produce much larger quantities than they do at present of the commodities to which smallholdings are mainly devoted, and would be likely to do so if market conditions took a more favourable turn.

It is essential to appreciate that the extent to which smallholders can be established successfully is necessarily dependent on the extent to which the commodities they produce can find a market. There is a widespread disposition to approach the question of land settlement as though the limitations of the market had no bearing upon it, as though people settled on the land are taken out of the ordinary system of exchange and maintain themselves in a way which involves no competition with the activities of others. It is accordingly sometimes supposed that the scope for land settlement as a means of relieving unemployment is only limited by the degree to which the urban unemployed are capable of agricultural work. This, however, is an illusion. A smallholder, like anyone else, consumes other things besides food, and as a rule he can only supply part of his own food requirements, indeed, in the case of a specialist smallholder, only a trifling part. If, accordingly, he is to maintain himself by his efforts on the land, the smallholder must sell the greater part of his produce, and in so far as he sells his produce he is as much part of the system of exchange, and as much dependent on conditions of supply and demand, as an industrialist. Nor does the fact that a smallholder ordinarily consumes a portion of his own produce make as much difference as may appear at first sight. An industrial worker, whether employed or unemployed, consumes a considerable amount of food. If he is established

as a smallholder, it is only in so far as his consumption of food is increased that there will be scope for a net addition to food production. Apart from this, the fact that he grows his own food himself makes no material difference, since other agriculturists will be deprived of the market which his consumption used to provide. Though the amount of food consumed by a smallholder and his family may be materially greater than that of an ordinary industrial worker, it may not much exceed that of an industrial worker equipped with an allotment.

Thus a review of the system of smallholdings offers no support to the idea that it is capable of any large extension at the present time, still less that it could be used on any considerable scale as a means of absorbing the industrial unemployed. This does not imply any disparagement of the results of the statutory smallholdings movement. Despite the inevitable failures that have occurred particularly in the case of holdings established immediately after the war, the results have in the main been such as to justify, in our view, the policy that was initiated in 1908. The smallholdings system has provided in many parts of the country a useful agricultural "ladder." It has offered to the agricultural labourer of enterprise and character and thrift the possibility of escape from his otherwise restricted lot. It has supplied an opening for many others, mainly in the rural community, who have a strong taste for working on their own account and who feel that their vocation lies in work upon the land. It has introduced a greater flexibility into the social structure of the countryside. It may have contributed something to mitigate the decline in the numbers of the agricultural population. It was for purposes such as these the

system of statutory smallholdings was originally designed. It has by no means exhausted its usefulness for such purposes; and we favour a policy of the steady creation of smallholdings to meet the normal demands of the rural population.

But smallholders are faced now with unfavourable tendencies and unfriendly forces; and the State, apart from its obligations to farmers in general, owes it to these men, in establishing whom incidentally it has incurred considerable expense, at least to refrain from aggravating the difficulties which bear upon them. Among the unfriendly forces which are at work must be included certain developments of public policy. The statutory Milk Marketing Boards are using their system of levies to prevent undercutting by the producer-retailer, and this is necessarily prejudicial to many smallholders engaged in the production of milk. But a far grosser disregard of the interests of smallholders would be entailed by an attempt, in the face of the present trend of markets, to effect a large multiplication of their numbers.

CHAPTER VII

UNEMPLOYMENT AND THE LAND

THE examination that we have made in the preceding chapters leaves us no alternative but to conclude that the idea of securing a material increase in the agricultural population consistently with the maintenance of the national economic prosperity must be dismissed as chimerical. On the contrary, it must be expected that the agricultural population will continue to decline, for the economic forces that are working in this direction are extremely strong. The small proportion of the population engaged in agriculture in Great Britain is often contrasted with the much larger proportion in other countries. But no country has ever succeeded in inducing this proportion to move in the upward direction, and it remains doubtful whether even the countries which are pursuing the most drastic policies of self-sufficiency will succeed in doing so in future.

It does not follow that the land has no useful part to play in connection with the problem of industrial unemployment. Before considering the part which it might appropriately play, we think it will be useful to survey somewhat further the general economic position and outlook in Great Britain.

The main source of the economic difficulties of Great Britain in the post-war period, prior to the world depression, was the decline of export trade. The loss of export markets was mainly concentrated

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upon certain old-established industries such as coal, cotton, and iron and steel. Heavy unemployment arose accordingly in these industries and in others such as shipbuilding which are dependent upon overseas trade, and as these industries are for the most part highly localised industries, this unemployment presented a peculiarly intractable problem.

The world depression entailed a further heavy loss of export trade. In its early phases it led also to a severe curtailment of every branch of economic life; but in the last few years there has been a remarkable recovery of internal trade activity, and production for the internal market is now at a substantially higher level than that of 1929. Unfortunately there has been no commensurate recovery in export trade. The volume of our exports in 1934 was only 69 per cent. of the volume of 1929, and only 57 per cent. of the volume of 1913.

Our export trade is making considerable progress at the moment and this recovery may be expected to continue for some time as the world gradually emerges from the trough of the depression. In the main, however, the outlook for our export trade is not encouraging. By reason of the depreciation of sterling in terms of gold, we have enjoyed in recent years a highly favourable competitive position in world markets relatively to our principal industrial competitors on the European continent. This is a precarious advantage, which may at any time disappear in a welter of exchange confusion. The tendencies which gave rise to the difficulties of our staple exporting industries are still in operation; the demand for British coal has been permanently reduced by the development of competing coal-fields and competing sources of power,

while the competition of Asiatic production with our textile industries is steadily becoming more intense. Finally, the forces of economic nationalism seem likely to remain, for at least a considerable time to come, in the ascendant throughout the world.

In these circumstances, there is no good prospect of a speedy recovery of British export trade even to the level of 1929; and our economic policy can only prudently be based on the hypothesis of permanent reduction of our export trade below the 1929 level. In view of the large degree in which our economic life has been specialised in the past in exporting activities, this represents a formidable problem of adjustment.

If we carry our minds back to the atmosphere of economic discussion before the war, the measure of success with which we have adapted ourselves to the decline of overseas trade becomes remarkable. In pre-war days, it would have been regarded as out of the question that Great Britain, with her dependence on imported food, with the pride of place in her industrial life attaching to such industries as coal and cotton, with her pre-eminence in shipping, with the City of London largely concerned with the finance of international trade, could lose not far short of one-half of her export trade and remain a prosperous country. Yet, in fact since 1913 we have succeeded in maintaining a standard of life which is probably to-day, upon the whole, about as high as it has ever been, and in absorbing in employment the greater part of the annual increase, which up to date has been substantial, in the population of working age. Indeed heavy as our unemployment is, we stand out once more to-day, despite our loss of export markets

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as clearly the most prosperous of the principal countries of the world.

Against the large decline which has occurred in employment in the old-established exporting industries, there has been a much larger increase in the volume of employment in other occupations. The table on page 80 shows the principal changes which occurred between 1924 and 1934.

It will be observed that a large part of the increased employment of the past decade has been provided by commerce, finance and the distributive trades, hotels and restaurants, professional and other services. It is natural that such a trend should arouse misgivings, since it is difficult to disabuse the mind of the instinctive impression that the more directly productive occupations have a superior dignity and usefulness, and even that a growth in the proportion of "non-producers" betokens something parasitic and unsound. As regards services generally, such apprehensions are, however, unfounded, though there may be grounds for believing that there is some waste in the organisation of our distributive system. Just as it is an inevitable feature of economic progress that a steadily diminishing proportion of the community should be engaged in the production of primary necessities like food, so at the other end of the scale it is inevitable that the proportion engaged in distribution, transport and services should grow. Both tendencies represent the natural outcome of technical progress and a rising standard of life. It is to the further expansion of these occupations, together with the development of new and miscellaneous industrial occupations, that we must continue to look for the solution of the unemployment problem.

How steadily and how rapidly the industries and

TABLE III
ESTIMATED NUMBERS OF INSURED WORKERS
EMPLOYED (AGED 16-64)

(a) *Expanding Industries*

Industry	June, 1924	June, 1934	Increase
Commerce, finance and distribution	1,470,000	2,047,300	577,300
Building and public-works contracting	744,000	943,000	199,100
Road transport	238,900	350,000	111,100
Hotels, restaurants, etc.	250,100	358,600	108,500
Electrical industries	147,100	234,300	87,100
Motors, cycles and aircraft	187,600	245,500	57,900
Miscellaneous metal industries	155,000	196,200	41,200
Laundries, etc.	105,400	142,700	37,300
Professional services	104,100	141,200	37,100
Entertainments and sports	56,900	91,900	35,000
Printing	223,300	256,900	33,600
Furniture	88,000	118,200	30,200
Brickmaking	63,100	85,400	22,300

(b) *Contracting Industries*

Industry	June, 1924	June, 1934	Decrease
Coal-mining	1,164,500	623,400	541,100
Cotton	478,400	359,500	118,900
Shipbuilding	174,000	80,700	93,300
General and marine engineering	568,200	476,400	91,800
Woollen and worsted	236,200	180,600	55,200
Iron and steel production	185,200	140,000	45,200
Railway workers (non-permanent)	158,200	121,200	37,000

(c) *All Industries*

	June, 1924	June, 1934	Increase
	10,270,000	10,836,000	566,000

occupations which are concerned with the home market will continue to expand will depend on the

course of trade and will be influenced by all the factors, monetary, economic, financial and psychological, by which trade activity is affected. If a sharp reaction should occur in the volume of house-building, which has reached unprecedented dimensions in recent years, the continuance of the recovery might be seriously jeopardised. But no fixed limits, short of the full employment of the population, can be set to the expansion of the home market. Up to this point there is no fundamental reason why internal economic activity should not expand indefinitely, the increase in employment leading to an increase in real purchasing-power and to a consequent increase in the effective demand for commodities, and this in turn giving rise to a further increase in employment.

But though there are no fixed limits to the possibility of absorbing the unemployed in expanding occupations, the process of absorption is bound to become increasingly slow and difficult the further it goes. In so far as the substitution of new for old occupations means that boys and girls entering industry pursue different occupations from those in which their parents were employed, it presents no real problem. In so far as it involves the actual transference of workpeople from occupations which are contracting to others which are expanding, it may still work comparatively smoothly, if the transferred workers belong to the younger age-groups and the new occupations spring up in the areas in which they live. But when it is a question of transferring workpeople, not only to new trades but to new areas with different social customs, a different dialect and a different industrial atmosphere, the difficulties are formidable, and they may become insurmountable when the workers

are middle-aged or have lost the habit of application as the result of prolonged unemployment. For this reason a shortage of certain types of labour in one part of the country may co-exist with heavy, long-continued unemployment elsewhere; and the economic expansion of the country may be retarded by the difficulty of fitting square pegs into round holes.

Now if satisfactory schemes of land settlement could be devised for the benefit of the unemployed workers in the depressed areas, they might help to facilitate the process of transfer. Agricultural work is of course hard, and calls for a more varied range of skill than many industrial occupations. None the less, the requisite personal qualifications are in some ways not so stereotyped as they are in industry, and there are probably many unemployed men whom no employer in another area might care to employ in a craft which was new to them who might work efficiently upon the land, particularly if they have had some agricultural experience. The settlement of such men on the land could not possibly be on a scale which would materially affect the size of the rural population. Indeed, it might be that it would contribute no net addition to its numbers, since a consequence of settling them might be a corresponding decline in the demand for the services of other agriculturalists. But this would not necessarily be a fatal objection, for it might be easier for agriculturalists elsewhere to obtain employment in the expanding occupations than for the unemployed men in the depressed areas. The decline in the rural population in the past has not been brought about by means of any widespread unemployment of agricultural workers, but rather by a voluntary migration of young persons from the country in pursuit of the more tempting opportuni-

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ties offered by the towns; and as general trade conditions improve, this movement of migration is not unlikely to revive. In short, the task of transfer may be in some degree most effectively accomplished with the aid of a double movement into and out of agriculture, unemployed men in the depressed areas being settled on the land, while the expanding occupations draw their labour supply from the younger generation of the agricultural population in their neighbourhood.

The general argument of this book does not therefore constitute an objection in principle to carefully considered experiments designed to settle a proportion of suitable workers from the distressed areas on the land. But the difficult conditions with which holdings of the smaller sizes are now confronted forbid us to place any large expectations upon them. Furthermore, in view of the emergence in the last few years of the essentially new phenomenon of agricultural unemployment, it is vital that regard should be paid to the interests of the existing rural population in any districts in which experiments in land settlement are made. Thus schemes of land settlement under which the men settled are expected to earn their livelihood from the land are likely to prove disappointing, and the possible scope for them appears to be very limited.

But more considerable possibilities are opened out if we conceive land settlement not as a whole-time but as a part-time occupation, not as an alternative to industrial employment but as a means of maintaining industrial condition and morale, not as a means of livelihood but as a means of supplementing other resources. This brings us to the question of allotments, upon which we have already touched in the last chapter. There are no statistics to

indicate the benefit which a man derives if he has an allotment or garden to fall back on when he becomes unemployed: but stories are told of how employers in a long-depressed industry which has begun to get busier have found it prudent to rely in choosing the men they re-engage on the touchstone of whether or not they have kept themselves in condition by working in some way upon the land. In an economic world of great and perhaps growing instability, it would seem to be a wise social arrangement that industrial workers should be equipped with gardens or allotments as the rule rather than the exception. Independently, therefore, of the immediate problem of the distressed areas, there is a strong case for taking steps to increase the provision of allotments in industrial neighbourhoods.

But the system of allotments might also be adapted so as to make a useful contribution to the relief of unemployment in the distressed areas. For this purpose, it would be desirable that the system should be made more flexible than it now is, that the holdings should not necessarily be limited to a size of one-eighth of an acre, that they might sometimes take the form of what are often called subsistence holdings, holdings not sufficiently big to enable their occupants to produce for sale to any considerable extent, but which would enable men, who are unlikely to be re-employed and who must rely mainly for their livelihood upon some form of unemployment assistance, to find a larger and more varied outlet for their energies than a tiny allotment can supply. The valuable experiments of the Society of Friends in recent years suggest that there is considerable scope for developments of this character. But it would be an essential condition of such

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developments that the idea should not be entertained that the men for whom this provision was made would be likely to become self-supporting units of the agricultural community.

It is true that any attempt to extend the system of allotments would encounter various practical and administrative difficulties. Of these perhaps the most important is the lack in many areas of available land in the neighbourhood of the homes of the unemployed men. But this difficulty might be met in various ways, as, for example, by organising the regular conveyance of the men at nominal fares to a considerable distance. It may be suggested that the reform and extension of the system of allotments represent a more fruitful field for the application of an energy that is determined to overcome difficulties than land-settlement projects of a more ambitious kind.

CHAPTER VIII.

CONCLUSION

THIS book has been concentrated primarily upon the question of the practicability of securing an increase in the agricultural population of Great Britain. Its answer to this question is negative in character; and it is inevitable that the conclusions reached should seem disappointing and depressing to those who cherish visions of a regeneration of the national life by land settlement, and indeed to many others who indulge more modest hopes.

None the less, the argument that we have followed, if viewed from a wider perspective, is by no means pessimistic. The essential character of some of the main tendencies that have been noted, however destructive they may be of the hopes of land-settlement enthusiasts, is not maleficent but the reverse. It would be a paradox, for example, if it were necessary to deplore as a harmful phenomenon the rapid rate at which technical improvements are now being effected in British agriculture. In these concluding observations, therefore, we shall shift our angle of approach and review briefly the broad social significance and implications of the tendencies that have been examined in this book.

In the first place, the same tendencies which confront world agriculture with the prospect of adverse market conditions and unfavourable price relationships open up for the British people the possibility that a new momentum may be added

to the gradual secular movement towards a higher standard of life. What, after all, were the two chief difficulties which economists until very recently used to advance in criticism of optimistic speculations of a social millennium? The law of diminishing returns in agriculture, and the tendency of population to multiply rapidly in response to any slight improvement in the standard of living. This was the theme developed by Malthus in his "Essay on Population"; this was the famous "devil" which haunted the imaginations and damped the hopes of reformers throughout the nineteenth century, and which even after the Great War still aroused the apprehensions of some observers. So far at least as the Western world is concerned, this devil has now been finally exorcised. That is an indisputable corollary of the argument which has been developed in this book. The decline in the birth-rate has gone so far and has continued so persistently that it may well evoke, from other standpoints, legitimate misgivings. But at least no reason remains to-day to fear that a rising standard of life may be frustrated by a "devastating torrent of babies." Nor, in view of the rapid growth of agricultural productivity, need "the niggardliness of nature" any longer restrain within narrow limits the advance in human well-being. We cannot admit that the removal of these age-long obstacles to progress should be greeted with a sour look, merely because it has the incidental result of increasing the difficulty of settling men upon the land.

So much for the general effects upon the community. What of the effects upon our agricultural life? We doubt whether there has been any more remarkable and encouraging development in recent years than the steady improvement in the standard

of life of the agricultural labourer, which has persisted through an extremely trying and difficult period for British farmers. The improvement has not been confined to material standards. It is not merely that agricultural wages have been maintained while the cost of living has fallen substantially and that decided progress has been made in the housing conditions of the villages as of the towns. Other developments, such as the wireless and the motor-omnibus, have done much to break down the former isolation of the countryside and to contribute a more varied range of amenities to village life. Nor is this all. There are signs that the labourer's advance has extended to the intangible but vital factors of status, independence and self-respect, particularly in those parts of the country where his condition as regards these factors has been most unsatisfactory hitherto. This advance is no doubt partly attributable to the improvement in his material position. It is also, we think, connected with a breaking-up of the old social relationships and traditional deferences as well as with the new impulse towards technical change which is at work in the agricultural world.

But, on the other hand, these technical changes, coupled with a conversion to different types of farming, have had certain adverse effects which must be set over against the more patent features of progress. One inevitable result has been an increase of unemployment among agricultural labourers to an extent which may not have been so serious for the younger generation who are able to move into the towns and find employment in industry, yet one which for the older workers often involves great hardship and a very wretched standard of life. They are seldom able to migrate from their villages and

therefore remain dependent on odd casual labour, receiving no form of public assistance. To alleviate the position of these men it seems desirable that the principle of unemployment insurance should be extended to agriculture; perhaps also within the limited sphere appropriate to smallholdings, the county councils should frame their policies to give a chance to experienced men of this class who are the victims of rapidly changing conditions.

Nevertheless, beneath all the difficulties of the times, there is much that is highly encouraging in the present trend of British agriculture—a keener, more adaptable, more efficient and more enterprising body of farmers; a labouring population advancing in material well-being, in its contact with the outside world, in intelligence, status and self-respect. Is not the price of a continuing decline in the numbers engaged in agriculture well worth paying for these results?

But what of the relations between town and country, of the idea, to use a phrase which is frequently employed, of redressing the “balance” between our industrial and our agricultural life? That British society is in a sense over-urbanised will be generally agreed; but this is not quite the same thing as an over-expansion of occupations outside agriculture. Indeed if it is meant that there is some due proportion between the numbers engaged in agriculture and the numbers engaged in other occupations, a proportion which represents the natural condition of a healthy society and any large departure from which must be unsound and dangerous, the idea is contrary both to history and to common sense. In the first stages of the development of a country the great majority of the population is, as a rule, engaged in agricultural pursuits.

The proportion necessarily falls as development proceeds and the standard of living rises.

But, apart from this, the whole notion of a balance between industry and agriculture implies a conception of agriculture which is surely fundamentally mistaken. It implies that agriculture and industry represent sharply contrasted worlds, that whereas coal and engineering and cotton and building are industries which differ greatly from one another, using very different productive methods and employing very different types of labour, these differences are none the less insignificant as compared with the gulf which separates them all from agriculture. Too often the contrast is pressed further. It is assumed that the economic laws which rule in the world of industry have no application to the world of agriculture; and many persons who would appreciate at once the folly and the unfairness to the industry concerned, of attempting to establish large numbers of new workers in a manufacturing industry which already showed signs of overproduction, seem unaware in the case of agriculture that such questions need even be considered.

Now in the light of the tendencies that are at work, this whole conception of agriculture is, in Great Britain at least, fast becoming obsolete. Agriculture, it is better to recognise, is one industry with various branches, among others. It produces a range of commodities which are subject like all other commodities to the laws of supply and demand. It produces them with the aid of machinery on a rapidly growing scale and by productive methods which are subject to constant change and discovery and invention. It employs labour upon terms and conditions which are tending steadily to approximate to those of factory employment.

It is true that agricultural labourers live and work in the country, while the employees of manufacturing industries are largely concentrated in big towns. But this brings us to the final development to which we desire to call attention. The old rigid separation between town and country life is being rapidly broken down. The agricultural labourer is coming increasingly to enjoy many of the facilities and conveniences of the townsman. The industrial worker is being brought increasingly into contact with the amenities of the countryside. Do not these tendencies, whatever incidental drawbacks they may entail, represent more hopeful possibilities than those which some Continental countries are attempting to realise by the extension of a peasant economy? By the decentralisation of industry, stimulated as it may be by the development of electricity, and by an extension of gardens and allotments, may we not hope to mitigate the over-urbanised life of the industrial worker? By the progressive assimilation of the conditions, way of life, and status of the agricultural labourer to those of the industrial employee, and by the increasing contact which is springing up between town and countryside, are we not likely to secure a sounder basis for social stability than is offered by the clash of antagonistic standpoints associated in so many countries with the sharply divergent structures of industry and agriculture?

SUMMARY

It may be convenient to summarise the argument which has been developed in this book as follows :—

(1) Three major tendencies, the slowing down of the growth of population throughout the Western world, the speeding-up of the advance in agricultural productivity, and the development of high agrarian protectionism in Europe, have profoundly altered the world agricultural outlook. Owing to the operation of these tendencies, it is probable that a diminishing number of persons will be required in future in the food-producing branches of agriculture, taking the Western world as a whole; and that the conditions of over-production and unremunerative prices which have manifested themselves in the crisis of the last few years will prove in some degree a persistent, rather than a purely transient, agricultural phenomenon. The outlook is thus extremely unpromising for the countries which are large exporters of agricultural products (pp. 1-16).

(2) The imports into Great Britain of commodities such as fruit, vegetables, poultry and eggs, which could easily be produced in larger quantities at home and which represent comparatively minor interests to producing countries abroad, have already been curtailed substantially by protective means in recent years; and it would not be easy to curtail the imports of these commodities further without raising serious issues. This reduction of imports has not affected noticeably the declining trend of the agricultural population (pp. 17-22).

(3) By restricting drastically our imports of such staple foodstuffs as wheat, beef, mutton and bacon, scope could be found for a substantial increase in our domestic agricultural production. But the pursuit of such a policy would seriously aggravate the economic difficulties of the world. It would strike at international trade at one of the points where its mutual advantages are conspicuous and indisputable. It would entail for Great Britain a substantial rise in the cost of living, a further loss of export trade, and

an increase of unemployment in the exporting industries. It would imperil the solidarity of the British Empire and our good relations with other food-producing countries (pp. 22-29).

(4) A drastic restriction of food imports would not help to secure our food supplies in time of war. It would be impracticable to increase our production of wheat on the scale that would be necessary to lessen appreciably our dependence on overseas supplies. On the other hand, a policy of storage by which a war reserve equal to a year's consumption of wheat was accumulated would serve at a moderate cost to increase our available supplies for the period of a four-years' war by more than they would be increased by a doubling of our annual home production. Our dependence in the past on overseas countries for a large part of our food supplies has contributed at least as much to make us strong for war as to make us vulnerable (pp. 34-41).

(5) Apart from measures of protection or deliberate exclusion, there is no reasonable possibility, in face of the trend of world agricultural conditions, that food imports might be displaced in any considerable degree by home production (pp. 29-33).

(6) Apart from a diminution of imports, there are only two ways in which an increase in the number of persons engaged in agriculture could be effected, (*a*) by securing an increase in the aggregate home consumption of agricultural products, or a shifting of consumption to higher-priced commodities which supply more labour; and (*b*) by adopting methods of production which employ a larger number of persons to produce a given agricultural output (p. 42).

(7) It is probable that the consumption of foodstuffs will increase with the rise that may be expected in the standard of living, but that this increase in consumption will be slight relatively to the growth in real incomes per head, and insufficient to keep pace with the rate at which productivity per person employed in agriculture is increasing. There is a possibility that consumption might be increased by better marketing arrangements if these entailed a substantial reduction in the prices charged to the consumer. But, though many enquiries have been made into marketing in recent years, there is no indication that the reforms

proposed would result in economies sufficiently large to stimulate consumption materially (pp. 42-53).

(8) An important increase in consumption might be brought about by a State policy of subsidising the distribution of foodstuffs to the poorer classes of the community, if this were carried to extreme lengths. But the prospect would not be greatly altered by the pursuit of such a policy within the limits that are likely to be set by financial and other considerations (pp. 53-60).

(9) British farmers who depend on hired labour have been exposed in an extreme degree to the adverse combination of a falling price-level and a rigid wage-level. This has given a great impetus to the use of machinery and to the adoption of methods of production which save labour; and the rate of technical progress in agriculture has been exceptionally rapid in recent years. Accordingly, the volume of agricultural employment has continued to fall steadily, despite the various measures of protection that have been introduced. This tendency is almost certain to continue (pp. 61-66).

(10) The smaller family farms, to which category many smallholdings belong, have displayed a remarkable power of survival under the difficult conditions of recent years. But it would be unreasonable to suppose that their numbers might be greatly increased. Most of the more successful family farms are largely dependent on the production of milk, which is already being produced on a scale markedly in excess of the demand at the current retail price (pp. 66-70).

(11) The specialist smallholdings devoted to the intensive production of fruits, vegetables, pigs, eggs and poultry have, in many cases, done remarkably well in the past. But they have now to face a growing competition from the larger farms, and in the case of vegetables from allotments and private gardens as well; and the present trend of market conditions is definitely unfavourable to any attempt to increase the number of holdings of this type (pp. 70-72).

(12) It is therefore illusory to suppose that agriculture offers a promising outlet for the absorption of unemployment (pp. 72-76).

(13) If we cast our minds back to the atmosphere of pre-war discussion, the measure of success with which Great Britain has adapted herself to her heavy loss of

export trade becomes remarkable. So far as employment is concerned, the adaptation has been effected by a huge expansion in a miscellaneous range of services and of industries concerned with the home market. It is to the further expansion of these occupations, together, it is to be hoped, with a further improvement in the export trade, that we must continue to look for the solution of the unemployment problem (pp. 76-81).

(14) If satisfactory schemes of land settlement could be devised for the benefit of the unemployed workers in the depressed areas, they might help to facilitate the process of transfer, even though no net increase in the agricultural population would be likely to result. But the difficult conditions with which smallholdings are now confronted forbid us to place any large expectations upon settlement schemes under which the men settled are expected to earn their livelihood from the land (pp. 81-83).

(15) The system of allotments might be extended with advantage and might be adapted so as to make a useful contribution to the relief of unemployment in the depressed areas. For this purpose, the system should be made more flexible, and the allotments might in some cases take the form of what are often called subsistence holdings. But the idea should not be entertained that the men for whom this provision was made would be likely to become self-supporting units of the agricultural community (pp. 83-85).

(16) Though adverse to hopes of land settlement, the general argument of this book is in other ways encouraging. For the community as a whole, there is a possibility that a new momentum may be added to the gradual movement towards a higher standard of life. Despite difficult conditions for British farmers, there is a steady improvement in the standard of life of the agricultural labourer, and in his intelligence, status, and self-respect. The old rigid separation between town and country life is being broken down (pp. 86-91).

APPENDIX I
IMPORT BALANCES OF WHEAT AND WHEAT-FLOUR
(Thousands of quintals)

	1909-10 to 1913-14 average ^a	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34
Germany . . .	18,599	15,506	24,931	24,099	21,166	13,039	8,475	6,311	1,366	^b
France . . .	11,877	7,485	16,946	12,819	14,506	2,982	16,553	20,977	8,667	4,674
Italy . . .	14,483	18,507	23,578	23,805	23,917	11,524	22,136	9,052	3,019	2,356
Sweden . . .	1,917	1,662	1,632	2,280	2,177	1,979	1,322	1,858	879	327
Netherlands . . .	5,980	7,292	7,582	8,261	8,018	8,210	9,461	8,453	7,402	6,128
Switzerland ^c . . .	4,606	4,251	4,441	5,010	4,522	4,349	5,032	5,745	5,197	4,786
Belgium . . .	13,732	10,681	10,763	11,398	11,430	11,522	13,212	12,670	10,686	11,382
Austria . . .	2,871	3,898	4,463	4,331	3,845	5,171	4,238	3,670	3,605	2,807
Czechoslovakia	—	5,623	5,322	5,646	4,572	3,594	4,673	6,694	3,250	47
All European im- porting countries (excluding U.K.)	—	90,390	117,867	117,979	120,150	82,499	104,879	99,448	57,581	55,982
United Kingdom	58,800	51,799	58,793	57,870	54,480	55,753	61,147	65,280	58,575	59,216
Total European importing coun- tries . . .	138,396 ^d	142,039	176,465	175,849	174,630	138,252	166,026	164,728	116,156	107,033
World total . . .	161,803 ^d	192,075 ^e	207,680 ^e	223,192 ^e	209,508	156,332	184,961	182,260	139,398	115,587

^a Pre-war frontiers. ^b Export balance. ^c Wheat only. ^d Average of calendar years 1909 to 1913. ^e Average of totals of two calendar years.

(From Publications of the International Institute of Agriculture.)

APPENDIX II
IMPORT BALANCES OF BEEF AND VEAL
(Thousands of tons)

	1909-1913 (average)	1925	1926	1927	1928	1929	1930	1931	1932	1933
Germany	23.6	160.3	146.3	150.9	104.3	81.5	49.3	2.6	2.5	0.6
Italy (includes other meats)	2.4	101.8	51.7	50.6	51.3	60.7	55.1	43.8	40.3	38.3
France	(Export) 97.9	70.1	52.9	8.0	11.8	37.8	64.1	30.7	23.0	
Belgium	7.9	61.1	28.5	41.2	21.5	22.5	32.8	38.0	24.1	26.7
Austria (includes other meats)	<i>a</i>	33.4	39.0	34.7	37.4	30.7	30.4	25.1	9.3	6.9
Netherlands	(Export) 10.0	7.3			(Export)		14.4	13.2	6.7	6.7
Switzerland (includes other meats, excluding pork)	7.4	1.2	1.4	1.3	1.6	1.6	1.6	1.7	1.2	0.8
Czechoslovakia (includes other meats, excluding pork)	<i>a</i>	9.1	6.4	1.6	0.1	0.9	2.5	0.7	(Export)	0.1
Principal European import- ing countries, other than United Kingdom	<i>a</i>	475.2	351.0	333.7	224.5	210.5	224.2	189.5	114.9	103.1
United Kingdom	407.8 <i>b</i>	695.7	726.9	722.3	665.7	634.6	640.9	661.1	613.0	607.7
Principal European import- ing countries, including United Kingdom	<i>a</i>	1,170.9	1,077.9	1,056.0	890.2	845.1	865.1	850.6	727.9	710.8
All principal importing coun- tries <i>c</i>	<i>a</i>	1,191.7	1,117.2	1,122.4	974.2	936.3	915.4	883.1	751.4	742.6

a Not available. *b* Includes essences and extracts. *c* Includes others not shown separately.

("Cattle and Beef Survey," Imperial Economic Committee, p. 337.)

APPENDIX III
IMPORT BALANCES OF BUTTER
(Thousands of quintals)

	1925	1926	1927	1928	1929	1930	1931	1932	1933
Germany	965	977	1,082	1,264	1,354	1,329	1,001	693	591
Belgium	38	14	<i>a</i>	<i>a</i>	30	91	176	205	121
France	<i>a</i>	<i>a</i>	<i>a</i>	<i>a</i>	<i>a</i>	4	135	83	61
Switzerland	86	80	84	81	75	85	106	37	5
Italy	<i>a</i>	<i>a</i>	<i>a</i>	9	1	6	22	14	7
Czechoslovakia	4	4	6	<i>a</i>	1	<i>b</i>	16	12	6
Europe, excl. U.K.	1,127	1,128	1,219	1,380	1,478	1,538	1,476	1,057	<i>c</i>
United Kingdom	2,789	2,833	2,828	3,016	3,183	3,372	3,912	4,131	4,440
Europe, incl. U.K.	3,916	3,961	4,047	4,396	4,661	4,910	5,388	5,188	<i>c</i>
World	4,139	4,219	4,374	4,749	5,087	5,353	5,654	5,445	<i>c</i>

a Export balance. *b* Negligible. *c* Not available.

(From publications of the International Institute of Agriculture.)

APPENDIX IV

NUMBER OF AGRICULTURAL HOLDINGS IN EACH OF THE UNDERMENTIONED CLASSES RETURNED IN JUNE FOR THE FOLLOWING YEARS IN ENGLAND AND WALES

Year	Above 1 and not exceeding 5 acres	Above 5 and not exceeding 20 acres	Above 20 and not exceeding 50 acres	Above 50 and not exceeding 100 acres	Above 100 and not exceeding 150 acres	Above 150 and not exceeding 300 acres	Above 300 acres	Total
	No.	No.	No.	No.	No.	No.	No.	No.
1913	92,302	122,117	78,027	59,287	31,838	37,593	14,513	435,677
1914	91,570	121,698	78,454	59,514	31,860	37,615	14,413	435,124
1915	90,643	120,616	78,430	59,657	32,045	37,635	14,327	433,353
1916	87,502	118,064	78,587	60,121	32,409	37,610	14,132	428,425
1917	84,264	116,004	78,288	60,665	32,621	37,778	14,098	423,718
1918	83,392	114,064	77,878	60,572	32,453	37,641	14,126	420,126
1919	81,193	113,414	77,961	60,509	32,358	37,358	13,875	416,668
1920	80,737	114,517	79,542	60,697	32,298	36,708	13,492	417,991
1921	81,217	116,159	80,967	61,001	32,020	35,822	12,947	420,133
1922	79,364	114,001	80,165	60,676	31,874	35,712	12,923	414,715
1923	77,674	113,049	79,865	60,796	31,844	35,565	12,880	411,673
1924	76,859	111,934	79,537	60,781	31,930	35,481	12,861	409,383
1925	75,283	110,385	79,119	60,931	31,875	35,411	12,704	405,708
1926	74,185	108,814	78,827	61,063	31,797	35,373	12,580	402,639
1927	74,331	107,843	78,654	61,317	31,946	35,121	12,522	401,734
1928	74,456	107,126	78,546	61,398	31,865	35,121	12,383	400,895
1929	74,183	105,950	78,195	61,699	31,897	35,052	12,271	399,247
1930	72,984	103,975	77,970	61,703	31,998	34,957	12,236	395,823
1931	71,204	102,339	77,374	61,951	32,002	34,925	12,146	391,941
1932	70,674	101,446	77,222	62,248	32,055	34,772	12,052	390,469
1933	69,864	100,591	76,901	62,380	32,183	34,644	11,870	388,433
*1934	68,480	98,773	76,003	62,355	32,129	34,472	11,886	384,098

* The figures for 1934 are subject to revision.

APPENDIX V

DEPARTMENT OF AGRICULTURE FOR SCOTLAND

Statement showing the Number of Agricultural Holdings in each of the under-mentioned Classes as returned on 4th June in years 1913-1934 and Holdings of Mountain and Heath Land only.

Year.	Above 1 and not exceeding 5 acres.	Above 5 and not exceeding 15 acres.	Above 15 and not exceeding 30 acres.	Above 30 and not exceeding 50 acres.	Above 50 and not exceeding 75 acres.	Above 75 and not exceeding 100 acres.	Above 100 and not exceeding 150 acres.	Above 150 and not exceeding 300 acres.	Above 300 acres.	Total of Agricultural Holdings.	Holdings of Mountain and Heath Land only.
1913	18,418	18,739	8,676	5,781	5,512	4,535	5,960	7,146	2,621	77,388	488
1914	18,402	18,484	8,626	5,835	5,579	4,533	5,967	7,126	2,598	77,150	465
1915	18,235	18,488	8,746	5,871	5,546	4,550	5,992	7,084	2,596	77,108	406
1916	17,984	18,329	8,743	5,913	5,587	4,506	6,013	7,121	2,558	76,754	417
1917	17,725	18,204	8,763	5,920	5,571	4,553	6,027	7,114	2,563	76,440	469
1918	17,400	18,110	8,762	5,896	5,559	4,564	6,062	7,067	2,562	75,982	450
1919	17,344	18,164	8,663	5,886	5,551	4,567	6,059	7,064	2,545	75,843	528
1920	17,471	18,125	8,633	5,924	5,528	4,603	6,054	7,039	2,525	75,902	524
1921	17,374	18,249	8,540	6,134	5,544	4,601	6,037	7,013	2,511	76,003	565
1922	17,202	18,317	8,590	6,169	5,593	4,569	6,037	7,005	2,519	76,001	517
1923	17,130	18,515	8,560	6,217	5,645	4,557	5,998	7,003	2,509	76,134	654
1924	17,100	18,513	8,632	6,300	5,647	4,536	5,989	7,015	2,478	76,210	656
1925	17,026	18,492	8,726	6,292	5,666	4,519	5,989	6,984	2,467	76,161	566
1926	16,969	18,536	8,550	6,394	5,684	4,503	5,978	6,953	2,450	76,017	590
1927	16,787	18,464	8,688	6,401	5,661	4,512	5,976	6,944	2,433	75,866	603
1928	16,837	18,468	8,614	6,426	5,660	4,542	5,946	6,895	2,424	75,812	705
1929	16,856	18,386	8,671	6,433	5,673	4,493	5,957	6,864	2,413	75,746	838
1930	16,824	18,394	8,662	6,428	5,697	4,510	5,947	6,818	2,398	75,678	908
1931	16,778	18,530	8,771	6,416	5,727	4,517	5,923	6,799	2,389	75,550	975
1932	16,761	18,599	8,701	6,529	5,741	4,532	5,921	6,761	2,366	75,911	1,026
1933	16,596	18,491	8,718	6,597	5,714	4,518	5,926	6,734	2,348	75,642	1,208
1934	15,858	18,541	8,521	6,518	5,721	4,476	5,899	6,725	2,375	74,634	1,192

STATISTICAL DIVISION,
September, 1935

APPENDIX VI

AGRICULTURAL WORKERS IN GREAT BRITAIN

(All workers excluding occupier and his wife)

Date.	Number of Workers.	Per cent. of total Population.
1913	*740,236	—
1921	996,081	2·33
1923	892,411	—
1924	923,805	2·12
1925	925,400	2·11
1926	920,994	2·10
1927	893,724	2·02
1928	890,197	2·01
1929	888,286	2·00
1930	857,204	1·92
1931	829,073	1·85
1932	808,738	1·79
1933	828,011	1·83
1934	800,974	1·76
1935	†783,600	—

* Excluding members of occupier's family.

† Subject to revision.

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